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Public climate finance in Belgium

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Content

List of acronyms

MDB	Multilateral Development Bank
AfDB	African Development Bank
AWAC	Agence wallonne de l'air et du climat
AWEX	Agence wallonne à l'Exportation et aux Investissements Etrangers
BIM	Brussels Environment
BMI-SBI	Belgian Corporation for International Investment
CCIEP	Coordination Committee for International Environmental Policy (CCIEP)
DGD	Directorate General for Development Cooperation and Humanitarian Aid
EIB	European Investment Bank
EBRD	European Bank for Reconstruction and Development
FIT	Flanders Investment & Trade
FPS	Federal Public Service
FWO	Fonds voor Wetenschappelijk Onderzoek
GNP	Gross National Product
IV	Internationaal Vlaanderen
MDB	Multilateral Development Bank
NGO	Non-Governmental Organisation
LNE	Leefmilieu, Natuur en Energie
PMV	Participatiemaatschappij Vlaanderen
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OECD-DAC	Organisation for Economic Co-operation and Development's Development Assistance Committee
OOF	Other Official Flows
VPWVO	Vlaams Patnerschap Water voor Ontwikkeling
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
WBI	Wallonie-Bruxelles International

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Abstract

This research paper is the first compresensive effort to get a full overview of public climate finance in Belgium. Up to now, reports to international institutions such as UNFCCC have been incomplete, because not all funding bodies' and agencies' flows were included.
For the weighting of the climate relevance, two methodologies are used side-by-side: the 0-40-100 used by most countries and the EU, and the 'DGD-method' which is a method sui generis developed by the Belgian federal development administration.
All the partners in the Belgian public climate finance landscape and their activities are first explained, and afterwards an overview is provided of the climate flows for the years 2013 and 2014.
Except for two public organisations, the figures for all Belgian stakeholders could be retrieved. This paper is an important step forward towards full coverage for Belgian public climate finance reporting efforts in the near future.

JEL Classification: F35, Q56
Keywords: climate finance, public climate finance, climate flows, public climate flows, development, climate change, climate change mitigation, climate change adaptation

1 | Introduction

This study was conducted in the context of the Belgian Policy Research Group on Financing for Development (BeFind). It is part of the research line on global public goods, which focuses primarily on climate finance.

The **aim** of this study is to provide a comprehensive overview of all official climate-related development finance in Belgium in the years 2013-2014. Both the federal and the regional levels will be included. We will focus on both Official Development Aid (ODA) and Other Official Flows (OOF), knowing that the knowledge about OOF flows is rather sparse because reporting practices have been limited to date. The specific objectives of this paper are to:

- Provide a short overview of the conceptual discussions that are relevant to calculating Belgian climate-related development finance in 2013-2014;
- Discuss the methodological choices made to measure climate flows, and map the remaining gaps in methodology and data;
- Provide a mapping of Belgian climate finance by looking at the existing data, and by gathering additional data through contacting several public actors in Belgium;
- Make recommendations towards DGD and other actors in Belgium with regard to their future reporting practices and the coordination of national reporting efforts.

The report is structured as followed:

- Chapter 2 discusses the main concepts and discussions relevant for climate finance. This includes defining climate finance, and the difference between ODA and OOF
- Chapter 3 describes the methodological choices we made in accounting for climate finance. This includes an explanation of the Rio Markers, and the two weighting methods we used in this paper, being the DGD method and the 0-40-100 method.
- Chapter 4 gives an overview of the most important climate finance actors in Belgium which are included in this study. We give a short description, describe the relevance of the actors and which data they contributed for this study
- Chapter 5 presents the results of the study, looking at multilateral and bilateral climate finance. We give an overview of bilateral finance per actor, the balance between mitigation-adaptation and cross-cutting and a regional analysis.
- Chapter 6 presents the main conclusions of the study
- Chapter 7 provides recommendations, not only for DGD but also for other Belgian actors active in climate finance.

2 | Conceptual discussion

2.1 What is climate finance? Definitions and international discussions

To date, no single agreed definition on what constitutes climate finance has been used or adopted. However, some useful definitions have emerged throughout the last years. The UNFCCC Standing Committee on Finance uses the following definition of climate finance: "Climate finance aims at reducing emissions, and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts" (UNFCCC 2014, p. 2). This definition has also been used in the 2015 OECD report on climate finance, presented at COP-21 in Paris (OECD 2015). However, this definition is rather broad, as it also includes climate finance flows within developed countries e.g. aiming at low-carbon investments. In our study, the focus is exclusively on the **climate finance flows from developed countries to or benefiting developing countries**, or in onder words: our focus is on climate-related development finance.

Within the UNFCCC and beyond, several issues have emerged. First of all, developing countries have stressed the need for distinguishing development finance from climate finance, because of the historical responsibility for the climate change problems (Pickering et al. 2015). This is reflected in the discussion of climate finance and the "new and additional" character of this finance, which was first raised at the COP in Copenhagen (2009) and formalised in Cancun (2010). The question rose how to operationalize this new and additional character of climate finance: should it be new and additional towards the current development aid flows, above the 0.7% of GNP allocated to development aid, should it be sourced through different institutions, or are there other options to define a baseline (Stadelmann et al. 2011)? To date and according to our interviewees, it is very difficult to measure this new and additional character. Moreover, in the 2015 Paris Agreement, the 'new and additional' section disappeared, which can be seen as a step backward for the developing countries (Roberts ans Weikmans 2015).

Additionally, the balance between mitigation and adaption finance is a matter of concern. Whereas developed countries tend to focus on mitigation finance efforts (as they create a global common good), developing countries are stressing the need for adaptation finance, which mainly has a local or national effect (Pickering et al. 2015). Currently, 77 per cent of global climate finance focusses on mitigation, while only 16 per cent is aimed at adaptation (with 7 per cent cross-cutting activities) (OECD 2015). Although there is no common understanding on the ideal balance between the two, there is a general reckognition that current adaptation finance is insufficient.

Another related issue is the question of transparency and accountability of climate finance reporting. The current reporting practices are unclear, differ from country to country and from institutions to institution (see Bachus et al. 2015), and cause tension between developing and developed countries in the UNFCCC negotiations. An example of this tension is the OECD-CPI report from 2015, which tried to assess the progress towards the $ 100 billion goal (OECD 2015). Several developing countries, with India as the frontrunner, criticized the report and its methodological choices, arguing that the $ 100 billion goal is far from sight (Dasgupta 2015). Better and unified reporting practices are expected to contribute to better understanding and trust between Annex-I and non-Annex I countries in the UNFCCC negotiation process.

2.2 ODA vs. OOF

The starting point for calculating climate finance is often the ODA-OOF tracking methodology, used in the context of the OECD-DAC, which has a long history in tracking and defining development finance.

The difference between ODA and OOF[1] is not a difference which has been made in the context of climate finance, but originates from development finance practices in the context of the OECD. Our previous working papers already looked into this issue, which we will describe shortly in the context of this study.

ODA: As already discussed in our previous working papers (Bachus et al. 2015), four elements are important with regard to the definition of ODA:

- Flows: a transfer of resources needs to take place, which can be bilateral or multilateral, and are likely to be grants or loans. However, this 'north-south flow condition' is regarded in a broad sense in our study, as a number of ODA north-north climate flows are considered as climate finance. The funding for our study is a good example of such a flow.
- The objective of economic development and welfare: if the objective is merely commercial, it should not count as ODA.
- Official: the flows are generated by Belgian official actors (being the government).
- Concessionality: a grant element of at least 25% should be observed.

OOF: Other Official Flows (OOF) are all the other transactions by the official sector that do not meet the criteria to be ODA. (taken from OECD 2013 in Bachus et al. 2015):

- Grants to developing countries for representational or commercial purposes;
- Transactions aimed at development but with a grant element below 25%;
- Bilateral transactions with grant elements, but with a primary aim of export facilitation. One example is export credits;
- The net acquisition of securities issued by multilateral development banks at market terms;
- Subsidies to the private sector to soften its credits to developing countries;
- Funds in support of private investment;
- Equities and shares which cannot qualify as ODA;

[1] For full definitions of ODA and OOF, we refer to our previous Befind research paper (Bachus et al., 2015)

- Reorganisation of non-ODA debt undertaken by the official sector at non-concessional terms, and forgiveness of military debt.

OOF is a residual category for all development finance that is not ODA. Under the current national and international reporting schemes, reporting on bilateral OOF is incomplete and sometimes inconsistent between countries, which also counts for climate-related OOF (Bachus et al. 2015). However, the question can be raised whether the difference between ODA and OOF is truly relevant for climate finance. Moreover, although the UNFCCC reporting format requires to make the distinction between ODA and OOF, most countries predominantly report ODA contributions, while OOF contributions are expected to be only partially covered (OECD 2015). This means that information on OOF is often lacking.

Apart from this theoretical distinction between ODA and OOF, several actors in Belgium seem to have a different interpretation and use of the two terms. For example, the Walloon region has decided to report all of its climate finance as OOF, to underline the "new and additional" character of this finance (Interviews 2016). However, this view is not shared by other actors in Belgian climate finance sphere. This could potentially lead to inconsistent results, e.g. in the characterization of the donations to the Green Climate Fund, where the contribution of the federal and Flemish governments is reported as ODA, but the contribution of the Walloon and Brussels Capital Region is counted as OOF, although all actors made a grant contribution to the fund. In this paper, we will not alter the interpretations of the difference between ODA and OOF, and use the categories given by the data providers.

If we look at the difference between ODA and OOF as the starting point of this study, it is interesting to compare the Belgian reporting practices with other countries. However, with regard to global bilateral climate finance, ODA remains the predominant source, currently accounting for 84% of global climate finance in 2013-2014 (OECD 2015). If we compare the entries of the Belgian second UNFCCC biennial reporting with other countries, it stands out that most other countries are mainly reporting ODA commitments, rather than other sources (OECD 2015). However, this seemingly coherent way of spending could change in the future, especially with regard to the possible set-up of national green investment banks or the roll-out of green bonds. The following table gives an overview of which countries report on both ODA and OOF practices, or only on OOF in the second Biennial reports of 2015:

	ODA	OOF	Renewable Energy – from OECD database	Individually reported (inc in expected UNFCCC reporting)	See Annex E for further details on instruments and data sources	
Country	UNFCCC Public Climate Finance reported in BR2		Export Credits		Bilateral Private Climate Finance	Inclusion of coal finance[30, 31]
Australia	✓	✓				✘
Austria	✓	✓	✓			✘
Belgium	✓	✓	✓		✓	✘
Canada	✓			✓	✓	✘
Czech Republic	✓		✓			✓[32]
Denmark	✓		✓			✘
EU Institutions	✓					✘
Finland	✓				✓	✘
France	✓	✓	✓		✓	✘
Germany	✓		✓		✓	✘
Greece	✓					✘
Iceland	✓					✘
Ireland	✓					✘
Italy	✓	✓	✓			✘
Japan	✓	✓		✓	✓	✓ (reported separately from aggregated figures)
Luxembourg	✓	✓				✘
Netherlands	✓				✓	✘
New Zealand	✓					✘
Norway	✓				✓	✘
Poland	✓		✓			✘
Portugal	✓				✓	✘
Slovak Republic	✓					✘
Slovenia	✓					✓[32]
Spain	✓	✓	✓		✓	✘
Sweden	✓		✓		✓	✘
Switzerland	✓		✓		✓	✘
United Kingdom	✓				✓	✘
United States	✓	✓		✓	✓	✘

Figure 1. Reporting coverage and approaches for public bilateral climate finance (2013-14) (OECD 2015, p. 45)

If we compare the biennial reports of Belgium with neighbouring countries and with Scandinavia, we see that, apart from Belgium, only France and Luxembourg report climate-related OOF seperately, while all other countries only include ODA sources. Given the fact that ODA is still the overwhelming source of climate finance, this is not surprising. This results limits expectations for the amount of OOF climate flows we will find in our study. The fact that Belgium reports on OOF could be attributed to the different interpretation of the concept of OOF by several actors in Belgium, which we will discuss later on.

3 | Methodological choices

3.1 Climate finance definition by the Rio Marker method

As stated before, climate finance has not yet been defined clearly in an international context. This is why we will not follow a strict definition, but we decide to follow the **OECD-DAC Rio Marker method** (OECD 2011), which has been thoroughly explained in our 2015 paper (Bachus et al. 2015). The OECD-DAC has developed four markers: mitigation, adaptation, desertification and biodiversity. Only the mitigation and adaptation markers are the subject of this paper. The current system works as follows. A financial flow of a project can be marked 0, 1 or 2. If mitigation or adaptation is not an objective of the project, the score will be 0. If the mitigation or adaptation is the principal objective of the project, it will be scored 2. If the mitigation or adaptation is not the principal aim of the project but still significant, it will be scored 1. This method is also used by most of the Annex I-countries for their Biennial reports (OECD 2015). However, the Rio Markers system has not been developed with the purpose of quantification in mind: it is rather set up to make a qualitative "flagging" on whether an (ODA) project could be marked as climate-relevant or not (Bachus et al. 2015).

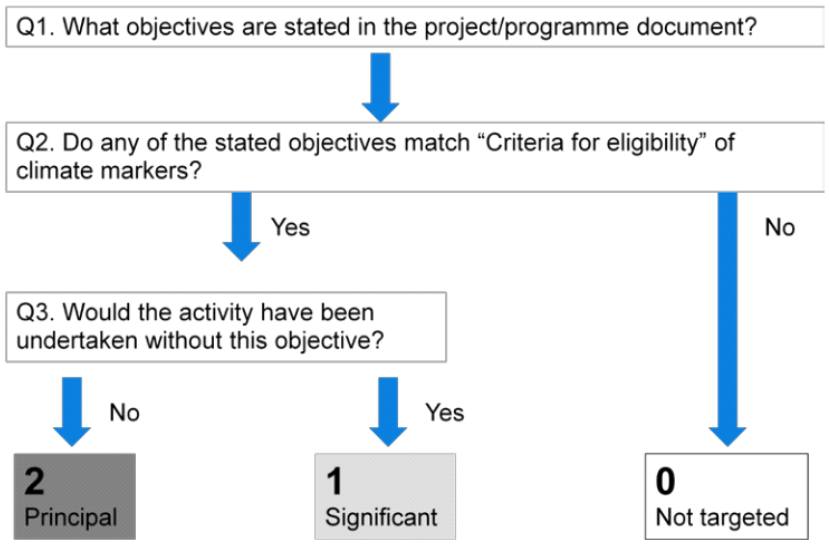


Figure 2. The scoring system for climate markers (OECD 2011, p. 5)

Although the Rio Marker method was never intended for the quantification of finance flows, most countries are now using it for their climate finance reporting, as the system is rather straightforward and has the advantage of clarity.

However, the use of the Rio Markers has one major discussion point, which is related to the weighting of the flows in order to get an aggregated estimate for the total climate flows. For the activities marked '0' or '2', the weighting issue generates no discussion:

- If an activity is marked '2' (principal), climate finance are accounted at 100%[2], and the whole sum is taken into account for calculating total climate flows.
- If the activity has a marker '0' (not an objective), logically 0% of the flow is labelled as climate finance.

However, for the activities marked '1' (climate is not the principle, but still a significant objective), several options are available with regard to the weighting. Although several countries use different practices and weighting methods with regard to the treatment of the '1' markers (see OECD 2015 p. 48-49 for an overview of these different weighting methods), two main options are used within the Belgian context:

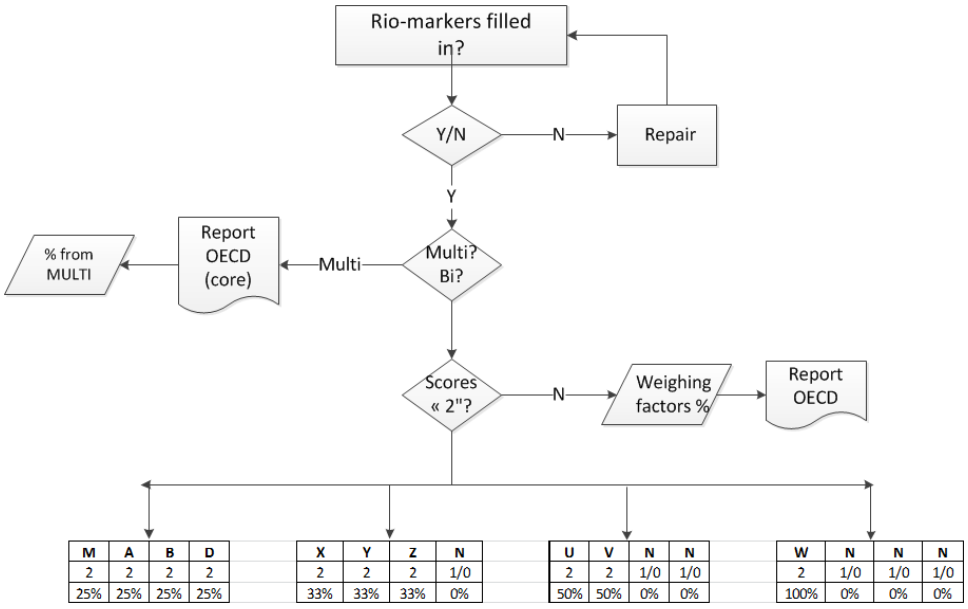
Method 1: 0-40-100: The European Commission and the Flemish actors have decided to use the following weighting method:

- 0 % if the activity scores 0 on both the mitigation and adaptation marker
- 40 % if the activity scores 1 on one of the markers
- 100% if the activity scores 2 on one of the markers

If a project marks on "1" for both mitigation and adaptation, only 40% in total is counted as climate finance (20% mitigation and 20% adaptation). Flanders does this by categorizing the activity as cross-cutting (both mitigation and adaptation), rather than marking it both on mitigation and adaptation.

Method 2: DGD method: The Federal Development Cooperation administration (DGD) has developed its own weighting method based on sector codes which are attributed to each project. In total, there are 101 categories. The DGD weighting factors per sector can be found in Annex 1 (in Dutch). The rationale between this weighting method 'sui generis' is the possible overvaluation (double counting) of the 40% which is attributed to the "1" marker in the Flemish and EU systems (Interviews). This weighting method has been developed for all Rio Markers (including desertification and biodiversity), in order to avoid double counting (Interviews). If a project scores 1 on mitigation or adaptation, the sector code will define the percentage of the budget that can be allocated as climate finance (ibid). In practice, the total percentage allocated to the total of the two climate-related Rio markers rarely exceeds 40% of the flow. As a result, the DGD method mostly leads to significantly lower total climate flows than method 1. The decision tree used for the DGD method is as follows:

[2] Although a small number of countries sometimes give a smaller number than 100% in some cases.



M	A	B	D
2	2	2	2
25%	25%	25%	25%

X	Y	Z	N
2	2	2	1/0
33%	33%	33%	0%

U	V	N	N
2	2	1/0	1/0
50%	50%	0%	0%

W	N	N	N
2	1/0	1/0	1/0
100%	0%	0%	0%

Figure 3. DGD method for weighting based on the Rio Markers

(M = mitigation, A = adaptation, B = biodiversity, D = desertification)

The DGD method does not only take into account the mitigation and adaptation markers, but also the biodiversity and desertification markers. The sum of the four markers can never exceed 100%. This means that, even with a marker 2 for 'mitigation', the weight can be less than 100%, if there is a positive marker for biodiversity or desertification. For example, a project with markers 2-0-2-0 will get a 50% climate finance weight in the DGD method but a 100% climate finance weight in the 0-40-100 method. The example shows that the two methods can result in different weights in case of a marker '1' or '2'.

In our study, we will make use of **both weighting methods**, so we can compare the two systems and provide further input in streamlining climate finance data for Belgium in future Biennial and MMR reporting. For flows that have already been reported in the past, we will take over the reported weighting factor and cross-match it for the other weighting method.[3] For the new flows that do not have a Rio marker yet, we will grant the Rio marker and the weighting factors ourselves. Due to limited data availability, the basis of our assessment will mostly be limited to the title of the project, sometimes supplemented by a quick internet search for more information on the project.

[3] A reflection we want to make is that the government climate experts that grant the Rio Markers '0', '1' and '2' to the specific projects and flows may already (implicitly) take into account the weighting method that will be used afterwards. If the user realises that the DGD method leaves the option to grant a low weight to a project with marker '1', that person may be inclined to give a marker '1' to a project that (intuitively) only has a low climate relevance. By contrast, the person using the 0-40-100 method may give the same project a marker '0' as he or she feels a 40% weight would be an overvaluation of the climate relevance of that particular project. In this study we cannot know if that 'bias' exists and if it is important, as we just take over the marker that was granted by the policy expert, and then apply the 'other' weighting method to it.

3.2 Instrument selection and grant equivalent

The instruments through which climate finance can flow are manifold, and are expected to vary even more in the future. However, for the sake of clarity, and also because the number of instruments used in Belgian (and most other countries') climate finance is rather limited, we will focus on the four following instruments:

- Grants: "transfers made in cash, goods or services for which no repayment is required" (OECD Glossary 2016)
- Loans: transfers for which repayment is required. Within the category of loans, two main options are available:
    - Concessional: loans that are provided at softer terms than market terms. For ODA, a minimum grant element of 25% needs to be present in order for the loan to be counted as concessional (OECD 2015)
    - Non-concessional: loans provided at (near)-market terms.
- Equity investment: "an investment in ownership interest of stockholders in a firm, usually in the form of stock (not bonds)" (OECD 2014, p. 421).
- Guarantees: "a risk-sharing agreement under which the guarantor agrees to pay part or the entire amount due on a loan, equity or other instrument to the lender/investor in the event of non-payment by the borrower or loss of value in case of investment" (OECD, 2015, p. 58).

Another important methodological element is the distinction between the face value (e.g. the "net value of an instrument) and the **grant equivalent** of the instrument. Multiple methods are available to calculate the grant equivalent, and all require different information. Below, we will discuss the use of the grant equivalent for grants, loans, equity and guarantees.

Grant equivalent for grants

If we look at *grants*, no complexities arise: grants are counted at 100%, and there is obviously no need to calculate the grant equivalent of a grant.

Grant equivalent for loans

With regard to *loans*, two main options are available (Cassimon 2014):

- Face value counting of loans, with or without the inclusion of negative flows when the loan and the interests are repaid.
- The calculation of a grant element and a grant equivalent, which can be done by several methods.

Both options have their merits and weaknesses: the first option makes the data analysis easier, and it could be done when not enough information about the conditions of the loan is available. It has also been used in another study on Belgian Climate Finance (Trinomics 2015). However, as loans are often disbursed once (where the full amount is given), the repayment period can be rather long, especially if long grace periods are applied (Interviews). This option could therefore

significantly overestimate the current climate finance streams, whilst creating a negative picture on the longer term (when all the loans are repaid). This is why we prefer the use of the grant equivalent, which is the most valid method.

With regard to concessional loans, the calculation of the grant equivalent is relatively easy, as such a loan needs to have a grant element of minimum 25% before it can be considered as ODA. In case of ODA eligibility, the grant equivalent is usually calculated when the loan is provided, thus easily available. Where possible, depending on data availability, we will take into account the grant element in this study.

In order to calculate the grant equivalent, one has to start by calculating the concessionality of the loan, which is expressed as "the percentage by which the present value of the expected stream of repayment falls short of the repayments that would have been generated at a given reference rate of interests" (OECD 2014, p.422). The current discount rate used by the OECD is 10%, which means that the grant element is 0 for a loan with an interest rate of 10% and above and 100% for a grant. A concessional loan currently lies in between these two numbers. The grant equivalent is then the multiplication of the face value of the loan by the grant element.

Cassimon et al. (2015) have formulated the methodology as followed:

$$Grant\ element = \frac{L - PV}{L} = \frac{NPV}{L} = \frac{Grant\ Equivalent\ (GE)}{L}$$

Where L stands for the nominal Loan, NPV for Net Present Value of the loan and PV for the Present Value of the reflows to the donor (Cassimon et al. 2015).

This means that:

$$Grant\ Equivalent = Grant\ Element * L$$

In calculating the grant element, we will use the excel calculator made available by the OECD-DAC on their website. However, this means that other information is needed, such as the face value of the loan, the type of repayment, the interest rate, the maturity, the grace period, and the agreed discount rate etc. This means that a lot of information is needed to calculate the grant equivalent. An example: a concessional loan of € 1 million to a developing country, with fixed monthly repayments, a (beneficial) interest rate of 2%, a maturity of 15 years, a grace period of 3 years, and a discount rate of 5%, would have a grant element of 20,9% or € 209.000.

If data availability makes it impossible to use the grant equivalent, we will have to report the loan at face value, report on the grant contributions (sometimes the case in the context of a

concessional loan) which have been made in the context of the loan, or just report on the data received. However, we do want to stress our preference for the use of the grant equivalent. The grant equivalent has the benefit of clarity and validity, as it better describes the real donor effort calculated for the reporting moment. It also measures the donor effort by making sure that the net ODA of a loan is not counted as 0 (as is the case with face value methods) (Cassimon et al. 2015).

Grant equivalent of equity

If we look at *equity*, the calculation of a grant equivalent is not easy. Again, the OECD has made recommendations about possible ways in developing a grant equivalent method (OECD 2015c). As for now, we will not focus on the development of a methodology on equity instruments, as this would be too far-fetched for this study. However, if necessary internationally agreed measures of calculating the grant equivalent are developed, we encourage their use.

Grant equivalent for guarantees

With regard to *guarantees*, the calculation of the grant equivalent is even more challenging, as in most cases the guarantee does not give rise to any actual flow. Additionally, there is no agreed method for calculating the grant equivalent of guarantees, although the OECD has made some progress in trying to calculate the guarantee grant equivalent by proposing a method that considers the annual premium asked by the guarantor as the "interest rate" for the guarantee, and by constructing different discount rates based on the discount rate for loans (OECD 2015c).

However, as no agreed methodology is available, at this moment, several options are possible:

- Reporting on the guarantees that have actually been paid out.
- Reporting on the guaranteed amount or the premium paid
- Calculating a grant equivalent based on a chosen methodology

All in all, our reporting depends on data availability whether face value or grant equivalent methods are used. However, for the sake of validity and international comparability, we strongly encourage the use of the grant equivalent for any instrument when reporting on public climate finance. As we expect the overall majority of climate finance in Belgium to originate from grants or concessional loans (for which the grant element is counted, and which are included in the ODA-database), we do not expect a large impact of the calculation of the grant equivalents in our reporting.

3.3 Other methodological choices

In order to calculate the flows of public climate finance to developing countries, it is also necessary to limit and define the **recipient countries**. We will use the list of **ODA-recipients**, because of significant overlap between this list and the non-Annex I countries of the UNFCCC, and the current tracking methodology for ODA which is based on the OECD-DAC list. The list can be consulted in Annex 2.

The question whether an actor can count as a **public** or a private **actor** is also important for our study, and to define which flows are included. We define a funder as public if it is owned by public actors for more than 50%.

The next question concerns the **point of measurement**, which is the question in which phase a certain flow is reported: the first option is to when the flow is 'pledged', e.g. announced by a minister during a speech or mentioned in a policy brief. A second option is to take the moment of 'commitment', which means that there is "a firm written obligation by a government, backed availability of the necessary funds, to provide a specified amount for specified purposes for the benefit of a recipient country or multilateral agency" (OECD, 2015, p.58). As one can see, this goes further than a pledge, where the mere promise of a certain amount is made, e.g. as described on the following UNFCCC-portal. Yet, a commitment does not necessarily mean that the instrument or financial flow is immediately paid. The next step and option is the moment of *disbursement*, which refers to "the release of funds to or the purchase of goods and services for a recipient, by extension, the amount thus spent" (OECD, 2015, p.58). In this paper, we follow the international trend to choose the disbursement level, but we are dependent on the level of detail received by the Belgian public actors, as not all data will be available on the disbursement level. For all data that is not on the level of disbursement, we will explicitly mention this in our section 5 'Results' and pay attention to avoiding any double counting.

4 | Description of the most relevant actors for climate finance in Belgium

In this chapter, we give a short overview of the most important actors for climate finance in Belgium. We will give a short bio for each of the actors, and indicate whether they contributed data for our study. In the future, the list of actors may change if other actors become active in the public climate finance sphere. However, we do expect the actors from our study to remain important in the future.

The political context and reporting practices related to climate finance differs between the federal government, the regions and the communities. In December 2015, the climate ministers of the different Belgian governments agreed on their so-called "burden-sharing", which included climate finance agreements for the period 2015-2020. The overall commitment from Belgium towards international public climate finance is set at minimum € 50 million per year. From 2015 until a revision in 2017, each level will be responsible for the following share of this total amount (NKC 2015):

- Federal level: € 25 million
- Flemish region: € 14.5 million
- Walloon region: € 8.25 million
- Brussels Capital Region: € 2.25 million.

In line with these commitments, we expect public climate finance funding originating from the regions will need to increase in future years, as the results show they do not meet the above numbers yet.

4.1 Federal level

4.1.1 DGD

DGD, or the Directorate General for Development Cooperation and Humanitarian Aid, is part of the Federal Public Service Foreign Affairs, Foreign Trade and Development Cooperation since 2002. The principle objective of DGD is to strive for sustainable human development and to ban poverty, exclusion and inequality for the people living in developing countries.[4]
Within DGD, a separate department for Climate, Environment and Natural Resources is responsible for climate-related issues within the department (D2.4). DGD is responsible for the coordination of the Belgian climate finance reporting process, as the majority of funds originate from their budget lines, including the contributions made to the Green Climate Fund.

[4] Article 3 of the Law of 12 April 2013 on Development Cooperation

Relevance: DGD currently provides the large majority of the Belgian climate finance, and coordinates climate finance reporting for Belgium. We expect them to remain a crucial actor for climate finance in the future.

Data: DGD has, as the commissioner of this study, provided the full details of the ODA and OOF-database for 2013 and 2014, together with the reporting tables that were used for the UNFCCC Biennal reporting. We also conducted an interview with three experts of the Directorate General.

4.1.2 Federal Public Service of Health, Food Chain Safety and Environment (FPS Environment)

The Federal Public Service of Health, Food Chain Safety and Environment (FPS Environment), and its Climate Change team, is the responsible environment administration on the federal level. It coordinates international climate change negotiations for Belgium, as well as environmental and climate policy and the EU ETS. The FPS is also active in knowledge gathering on climate finance activities in Belgium, e.g. by ordering a study on promoting private sector actions in the fight against climate change in Belgium and abroad (Trinomics 2016).

Relevance: FPS Environment is especially relevant for its role in coordinating and monitoring intra-Belgian climate action, and on the international climate negotiations. Their current own climate finance budgets are limited, but they remain an important coordinating actor.

Data: The FPS has provided data on their climate projects in developing countries, but they were already known and included in current databases. Their own climate finance budgets are quite low. We conducted an interview with the two main experts in climate finance of the FPS.

4.1.3 BIO

The Belgian Investment Company for Developing Countries (BIO) has been established in 2001 by the Belgian Development Coordination minister. BIO is a private company, but its capital is held by the Belgian state, hereby giving it autonomy and flexibility in organizing its activities. The mission of BIO is to "support a strong private sector in developing and/or emerging countries, to enable them to gain access to growth and sustainable development within the framework of the Sustainable Development Goals" (BIO 2016a), thereby clearly having a development goal. BIO uses a range of instruments, such as (BIO 2016b):

- Equity or quasi-equity stakes: BIO always takes minority stakes, until a company has a maturity level which is high enough. This corresponds with the approach of the Belgian Corporation for International Investment (BMI-SBI, see 4.1.7)
- Long-term loans: terms vary between 3 and 10 years, with a maximum grace period of 10 years
- Guarantees: BIO provides a guarantee of solvability to private sector actors
- Local currency: BIO can reduce the exchange rate risks for its clients

BIO also adheres to environmental and social responsibility standards, and takes them into account in the allocation of its budgets (Bio 2016).

Relevance: In the future, we expect BIO will become an important actor to contribute to the Belgian climate finance reporting, because it has an explicit development focus and a clear focus on renewable energy projects. We advise to approach them in order to clarify their role in future climate finance activities and reporting.

Data: BIO has provided partial data, mainly on an aggregated level. However, due to time constraints and the current lack of a quick method to extract the climate finance data from their project database, BIO's flows are not included in our main database. However, BIO is prepared to collaborate in future climate finance reporting efforts.

4.1.4 Finexpo

Finexpo is an interministerial advisory committee, managed by Belgian Foreign Affairs and the Finance ministry, that supports companies who want to export goods and services abroad. It responds to requests by companies and banks who are seeking export credit aid (Finexpo website). The flows from Finexpo do not directly go to the South, but to Belgian companies. However, the support of Finexpo makes the project financing 35 % cheaper for projects in developing countries. Finexpo does not have a specific climate objective: its main aim is to support Belgian export (Interviews).

Finexpo uses the following instruments (Interviews):

- Interest stabilizations: the interest rates companies pay are fixed, the fluctuations are covered by Finexpo. This instrument has not been used (yet) in the context of climate finance. The instrument is commercial (non-concessional) and not included in ODA statistics. Currently, the use of the instrument is limited because of the lows interest rates worldwide.
- Interest bonifications: The interests of the loan given to a Belgian company by a Belgian bank, are paid by Finexpo. However, to adhere to the 35% grant element because of ODA-regulations, an extra grant is needed to cover this percentage.
- State-to-state loans: Two types of State-to-state loans exist:
- Tied loans: These loans cannot be given to LDC's or Heavily Indebted Pour Countries (Trinomics 2016). Tied loans are comprised of
    - a state loan of 2/3 of the budget, with a 15-year grace period and a 40-year duration
    - 1/3 commercial credit on the short term
- Untied loans: loans without the commercial credit, applicable to LDC's and HIPC's.
- *Grants*: usually in combination with other instruments, rarely used alone.

The calculation of the grant equivalent for the activities of Finexpo seems straightforward, as they are obliged the use the 35% threshold for a grant element in their activities. However, in order to

calculate the grant equivalent of the Finexpo loans, we will need detailed data on the modalities of the loans.

Relevance: We see Finexpo as an important actor to contribute to the Belgian climate finance reporting, as their climate flows are already important today. We advise to approach them in order to clarify their role in future climate finance activities and reporting.

Data: Through the Ministry of Finance, we have received a selection of projects that qualify as climate finance. All activities from Finexpo count as ODA, and they are already included in the DGD database. However, for reasons of confidentiality, the data are only provided on an aggregated level. This is why we will exclude the bonifications from the DGD database, and include the data from Finexpo separately. The only missing data for Finexpo was the detailed modalities of the loans (type of repayment, interest rate, maturity, grace period, agreed discount rate etc.). For that reason, we will not be able to calculate the grant equivalent of the loans.

4.1.5 Delcredere

Delcredere is the Belgian public credit insurer, working as an autonomous government institution with state guarantees (Delcredere 2016). The goal of Delcredere is to ensure (mostly Belgian) companies against political and commercial risks concerning their international commercial transactions, mainly by insuring the risk of a client of a Belgian company defaulting on its payments (ibid). Delcredere operates several instruments for its approach (Interviews):

- Insurance instruments: insuring the exporter against political and commercial risks
- Guarantees: guarantee for the loan of a bank to a private company
- Direct financing: a small, and therefore less relevant, instrument.

There is significant complementarity with the activities of Finexpo, as all the operations of Finexpo need to be covered by an insurance of Delcredere (Interviews).

Delcredere has no ODA or other development objective, as its sole aim is to support the activities and export of Belgian companies. However, this does not mean that they do not support climate-relevant projects. Delcredere is active in the OECD Arrangement on Export Credits, which is a gentlemen's agreement among several other Export Credit Agencies (ECA's). Within this Arrangement, ECA's aim at providing a level playing field and eliminating subsidies and trade distortions (OECD 2016). Within this framework, several export credits sector understandings have been negotiated, including on climate change mitigation and adaptation, renewable energy and water projects. If projects adhere to these categories, the standards of ECA's can be more flexible. Additionally, the sector understanding on coal-fired electricity generation projects (CFSU) forbids ECA's in participating in dirty-coal activities (Interviews).

Relevance: We see Delcredere as a potentially important actor to contribute to the Belgian climate finance reporting, because of the complementarity with the Finexpo loans, for which

Delcredere issues guarantees. We advise to approach them in order to clarify their role in future climate finance activities and reporting.

Data: We conducted an interview with Delcredere, and they were prepared to collaborate with the study. However, due to time constraints and approval procedures, the end of our study came to soon to include Delcredere's data. They have shown willingness to cooperate to further climate finance efforts in the future.

4.1.6 National Lottery

The National Lottery (National Lottery) is the official state lottery in Belgium, and has the monopoly on public lottery in Belgium (Nationale Loterij 2014). It is owned by the Belgian state by 79%, with the Federal Participation and Investment Company holding the remaining shares. Apart from maintaining ethical standards when organizing lottery activities, the National Lottery has to adhere to CSR-practices in their own subsidy activities as well (Nationale Loterij 2014).

In return for its monopoly, the National Lottery needs to pay an annual "monopoly rent" of 135 million euros to the Belgian State. Additionally, the National Lottery is required to provide subsidies to DGD for the following amounts:

- 2013: € 66.241.500,00
- 2014: € 62.929.425,00

These flows are intra-Belgian flows and all DGD expenditures are already accounted for in our data. Therefore, adding them to our total would lead to double counting. However, the National Lottery is a relevant actor for another reason as well: they launch project calls that grant subsidies to projects, and some of those flows can be labelled as climate finance.

Relevance: Because of their subsidy calls, we see the National Lottery as an important actor for the Belgian public climate finance reporting. We advise to approach them in order to clarify their role in future climate finance activities and reporting.

Data: The National Lottery has provided information on their activities by sending a list of the projects funded in their calls on the Millennium Goals, which were launched yearly between 2006 and 2015. The funds are grants granted to non-profit organizations. Based on this information and the Rio-Marker manual, we have selected and marked the climate-relevant projects. However, the data is given on **commitment** level, as disbursement level data was not available. The organisation that gets the grant has a two-year period in which they can show the paperwork before actual disbursement takes place.
Our study is the first Belgian climate finance reporting effort ever to contain flows from the National Lottery.

4.1.7 Belgian Corporation for International Investment (BMI-SBI)

Short Description: BMI-SBI is a Belgian investment company that supports the Belgian private sector in setting-up local entities abroad by taking minority participations in their operations. (BMI-SBI 2016). Its primary stakeholders (for 63%) are Belgian public institutions[5], while the remaining stocks are in private hands, thereby making it a public company. The equity of BMI-SBI totals 35 million euros, and it has so far supported more than 300 projects worldwide (BMI-SBI 2016). Although their primary mission is to support Belgian companies, BMI-SBI could be active in climate finance activities, especially since it is involved in the EFDI (European Development Finance Institutions).

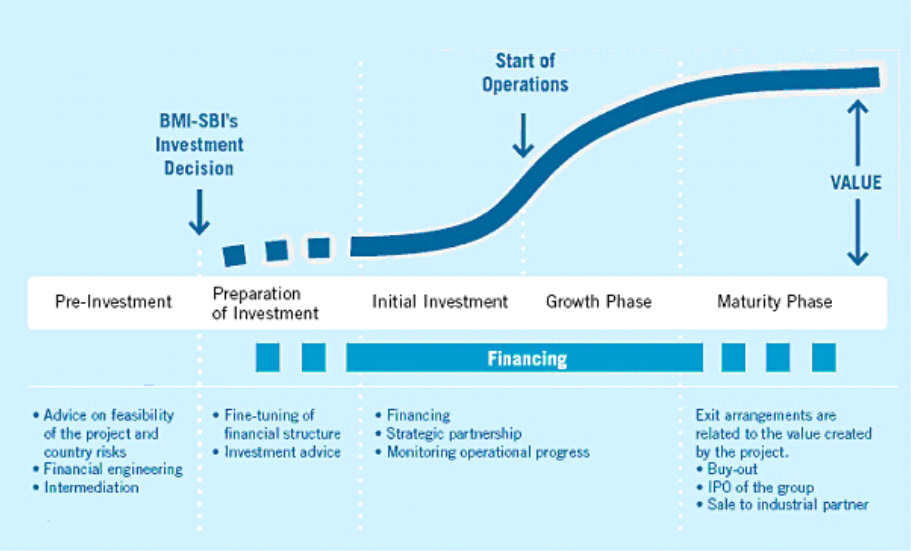


Figure 4. BMI-SDI's investment stages

Source: BMI-SBI (2016)

Figure 4 shows that BMI-SBI plays a role in the whole investment project cycle. It advises on the feasibility and the risks of the projects. After the decision to invest, BMI-SBI stays on board as an adviser and to monitor the economic activity. When the project is mature BMI-SBI will end its participation at terms that were clearly defined from the outset.

Relevance: We see the Belgian Corporation for International Investment (BMI-SBI) as a potentially important actor to contribute to Belgian climate finance reporting. We advise to approach them in order to clarify their role in future climate finance activities and reporting.

Data: BMI-SBI reported to us that they have not provided any climate relevant flows for the period 2013-2014, although this could change in the future. Therefore, we advise to consult BMI-SBI for the next reporting period.

[5] Federal Holding and Investment Company and the National Bank of Belgium.

4.2 Flemish Region

4.2.1 Internationaal Vlaanderen (IV)

Internationaal Vlaanderen is the administration responsible for the international policy of the Flemish Government. Apart from the international representation, the department is also responsible for development cooperation and related data gathering and reporting. The Flemish development policy mainly focuses on the Southern African region. Internationaal Vlaanderen has also developed the Flemish database on climate finance, which was published on their website recently. In order to have a comprehensive database, IV coordinates the reporting for all the Flemish government departments.

Relevance: Internationaal Vlaanderen is already an important actor to contribute to the Belgian climate finance reporting, and this importance may increase further in the near future, as the contributions of the three regions to Belgian climate finance is expected to rise in the future.

Data: Internationaal Vlaanderen provided full data to us, and also published their whole database on climate finance on their website during our study.

4.2.2 LNE

The Environment, Nature and Energy administration of the Flemish Government (LNE) is the key environment administration in Flanders, and is responsible for planning and evaluating environmental policy in Flanders (LNE 2016). They also involved in the international climate finance negotiations on the EU and the UNFCCC level. Furthermore, LNE coordinates the Flemish Partnership Water for Development, which has been running since 2004. The idea was to improve water and sanitation in the south by bundling knowledge and expertise and by pooling financial resources, from different public and private partners, including companies and NGOs (VPWVO 2016). LNE has recently made contributions to the Green Climate Fund for the Flemish Region. And finally, LNE coordinates the Flemish Fund for Tropical Forests, that also contains climate flows.

Relevance: the international department of LNE is very active in the international discussions on the MRV of climate finance. Moreover, it is a significant provider of climate finance through its current project work and the Partnership Water for Development.

Data: The climate finance flows originating from LNE are included in the Flemish database on climate finance. We also received additional data on co-financing from other public Belgian actors in the context of the Partnership Water for Development. We conducted an additional interview with them.

4.2.3 FIT

Flanders Investment and Trade (FIT) supports Flemish companies who want to export or internationalize their business, and aims to attract foreign investment in Flanders. In general, they aim to:

- Advise and provide guidance to companies on investing in Flanders
- Bring buyers into contact with Flemish producers
- Help Flemish companies with their export plans (FIT 2016).

In doing so, three main subsidy lines are important:

- Subsidies for feasibility studies: FIT co-finances 50% of feasibility studies by Flemish companies for economic activities abroad
- Subsidies for export of equipment
- Subsidies for international activities: mainly budgeting for international congresses, translation work and prospection work.

Relevance: Although FIT does not have any development goals, their support mechanisms are expected to include a number of relevant development-related climate flows.

FIT is not expected to be a main climate finance provider, but could still be a source of climate finance through its funding mechanisms.

Data: We received data from Flanders Investment and Trade on their activities, which are included in this study. They concern subsidies for feasibility studies and subsidies for export of equipment. The researchers carried out the selection of the relevant flows in the list themselves, and we also gave Rio Markers to the flows.

Our study is the first Belgian climate finance reporting effort ever to contain flows from Flanders Investment and Trade.

4.2.4 PMV

Participatiemaatschappij Vlaanderen (PMV) is the Flemish investment company of the Flemish government. One of its goals is to invest in the sustainable development of Flanders (PMV 2016). It finances public-private partnerships, supports start-ups and large infrastructure projects .

Relevance: PMV has been active in emissions trading activities, and it's looking to position itself in the climate finance debate in the future. Therefore, it is advisable to consult them for future climate finance tracking efforts.

Data: We received information on their activities, but we assessed the PMV flows as not relevant for climate finance; they are aimed at acquiring certified emission reductions (CER's) in the context of the CDM mechanism. However, they could be an important actor in the future.

4.2.5 FWO

The Fund for Scientific Research (FWO) is the main science funder in Flanders. It has two main objectives: supporting fundamental and strategic scientific research by providing PhD-grants and funding for senior researchers such as professors, and supporting international scientific collaboration (FWO 2016).

Relevance: FWO could be relevant in providing climate finance through its international activities, as some of the studies it funds are both development- and climate-related.

Data: FWO has provided data on possible climate finance flows, based on keywords and relevant disciplines we provided. These are included in the study.

Our study is the first Belgian climate finance reporting effort ever to contain flows from the Flemish Fund for Scientific Research.

4.3 Walloon Region

4.3.1 AWAC

The Agence Wallonne de l'Air et du Climat (AWAC) was created in 2008 as a separate agency from the Walloon environment administration. Its goal is to manage climate, air and ozone policies for the Walloon region (AWAC 2016). It is also responsible for the international climate finance commitments of the Walloon region (Interviews). Furthermore, it was responsible for the management of the fast-start finance from the Walloon region in the periode 2010-2012, and has conducted and implemented several project calls in doing so (ibid).

Relevance: as the main Walloon climate finance provider and responsible administration, AWAC is the main contact point with regard to climate finance in the Walloon Region. Therefore, we advise to consult with them on further climate finance tracking efforts.

Data: We conducted an interview with the person responsible for climate finance. We also received detailed data from AWAC, and included them in our reporting in section 5 of this paper.

Some of the data from the Walloon region reported in our study were not reported in any Belgian climate finance reporting efforts in the past.

4.3.2 AWEX

The Agence wallonne à l'Exportation et aux Investissements Etrangers (AWEX) is an agency of the Walloon region and responsible for the promotion of foreign trade and the attraction of foreign investors to the Walloon Region. It has a worldwide range, and has several offices in countries abroad (AWEX 2016). In covering its activities, it makes use of a wide array of instruments, such

as providing information, financial support for study trips or studies, and some international financial instruments.

Relevance: As for its Flemish counterpart, AWEX could possibly fund climate relevant activities through its instruments. Therefore, we advise to consult them for the following years.

Data: For this study, no data from AWEX were obtained due to time constraints.

4.3.3 Wallonie-Bruxelles International

Wallonie-Bruxelles International (WBI) is the agency in charge of the international relations of the Walloon-Brussels regions. It is manged both by the Walloon region, the Wallonie-Bruxelles federation and the French speaking commission of the Brussels capital region. The agency has several representations abroad. It promotes the international activities of the Walloon and Brussels Capital Regions, and is responsible for their development cooperation (WBI 2016).

Relevance: as the main organisation responsible for development cooperation policies from the French speaking region, WBI is a relevant climate finance provider.

Data: Wallonie-Bruxelles International delivered detailed data to the researchers, which are included in our reporting. It is the first time this organisation reports its climate finance in such a detailed way.

4.4 Brussels Capital Region

4.4.1 Brussels International

Brussels International is responsible for the foreign policy of the Brussels Capital region. In doing so, it connects with other cities and regions in the world, is active in international network, represents the Brussels region in international negotiations and is responsible for advice on weapons export of the region (Brussels International 2016).

Relevance: through its activities, Brussels International could be a climate finance provider, although we do not expect them to have large contributions.

Data: Brussels International has (through Brussels Environment) provided data on their activities. However, no relevant climate finance flows were reported for the period 2013-2014.

4.4.2 Brussels Environment

Brussels Environment (BIM) is the agency responsible for environmental policies of the Brussels Capital Region. It has several competencies, including the transposition of EU legislation in to Brussels policy, collection information on environment indicators, respond to possible hazards etc. (BIM 2016).

Relevance: although we do not expect Brussels Environment to be a major climate finance provider, their competences on environmental policy make them a relevant partner.

Data: Brussels Environment has provided data on their activities. Apart from the multilateral finance which was already included in the biennial reporting, no new climate relevant flows were reported for the period 2013-2014.

4.5 Summary of data availability per actor

In the table below we summarize the data coverage of our study for all the Belgian actors. We also add a column indicating if this actor should play a role in a futre Belgian coordinated climate change reporting effort. The actors in green have not been in any Belgian climate finance efforts before this study. For the actors in orange, the data we cover are more detailed than reported earlier for these actors. Red means no or very incomplete data were available. The other were either already known and reported flows, or for some actors it means that they were solicited for the first time, but reported that none of their outgoing flows are relevant. For the latter group, relevant flows may show up in the future, and it is still advisable to involve them in reporting initiatives.

Table 1. Data coverage per actor

Actor	Data coverage	Relevant flows today?	Future involvement?
DGD	Full	Yes	Coordinator
FPS ENV	Full	Yes	Coordinator
LNE	Full	Yes	Coordinator
Partnership for Water	Full	Yes	Active contributer
AWAC	Full	Yes	Active contributer
WBI	Full	Yes	Active contributer
IV	Full	Yes	Active contributer
FIT	Full	Yes	Active contributer
PMV	Full	No	Invite to contribute
FOD Fin – Finexpo	Partial[1]	Yes	Active contributer
Nat Lottery	Full	Yes	Active contributer
Delcredere	None	Yes	Willing to contribute
BIO	Incomplete	Yes	Willing to contribute
BMI-SBI	Full	No	Invite to contribute
BI	Full	No	Invite to contribute
BIM	Full	No	Invite to contribute
FWO	Full	Yes	Active contributer

Legend:

→ **New actor** → **Extra data** → **No data**

[1] Full data for interest bonifications, insufficient data for loans.

5 | Results

5.1 Results from raw screening of government budgets

As suggested by DGD, we started our study by performing a rough screening of federal government budgets and expenses for the years 2013-2014 for the different government levels. For most governments (especially the Federal and Flemish governments), the data were readily available on their website. However, the data did not provide sufficient detail to further filter for climate finance flows on a project level, which was needed to correctly apply the Rio Marker methodology (see section 3.1). This is why we decided to contact the relevant departments and organizations directly, in order to receive the data on the climate flows.

5.2 General results from the data-analysis

In the next chapter, we will present the results of our study which is a quantitative overview of all the multilateral and bilateral climate finance of Belgian public actors. We worked the following way:

- We contacted organizations directly for their climate finance input
- We conducted interviews with several important actors (mentioned under the previous chapter)
- We created our own database based on the biennial reporting, ODA/OOF database from DGD, the Flemish online database and the new information we received.

We distinguish between the reporting on the multilateral and bilateral climate finance data, because of its different nature and functionality. Additionally, funding from different government levels is often directed to the same multilateral fund (such as the Green Climate Fund), which makes the overview clearer. Furthermore, we separated grants and loans in the discussion on bilateral climate finance, because we do not consider it correct to treat them the same way, as we explained in the methodological chapter of this paper.

5.3 Overview of multilateral climate finance

The basis of this overview is the biennial reporting database we received from DGD. We received a small number of corrections on the 2013 and 2014 multilateral climate finance data from the Flemish and the Walloon regions, which we have included below. We have used the same colour coding as in the biennial data sheet we received, for reasons of clarity.

All the Belgian public multilateral climate flows we identified were already reported in the biennial report. This is not surprising, as we can assume multilateral climate finance was already well documented. We describe the multilateral finance per actor, the recipient fund, the

distinction core and general finance versus climate-specific finance and the ODA-OOF label. In 2013 and 2014, all the Belgian public multilateral climate flows were grants. In 2016, DGD used a capital contribution for the first time: € 10 million to the Green Climate Fund.

5.3.1 Multilateral climate finance in 2013

In table 2 we present the Belgian outgoing multilateral climate flows for 2013.

Table 2. Multilateral climate finance in 2013 (€)

actor	Donor funding	Total amount		ODA/ OOF
		Core/general	Climate-specific	
Multilateral climate change funds				
DGD	1. Global Environment Facility	17.000.000		ODA
DGD	2. Least Developed Countries Fund		12.000.000	ODA
DGD	3. Special Climate Change Fund		12.000.000	ODA
DGD	4. Adaptation Fund		2.500.000	ODA
WAL	4. Adaptation Fund		250.000	OOF
BXL	4. Adaptation Fund		500.000	OOF
	5. Green Climate Fund			
FLA	6. UNFCCC Trust Fund for Supplementary Activities		27.571	ODA
SPF	7. UNFCCC Trust Fund for Supplementary Activities		67.908	ODA
DGD	8. Adaptation for Smallholders Agriculture Program (International Fund for Agricultural Development)		6.000.000	ODA
Multilateral financial institutions, including regional development banks				
DGD	1. World Bank	148.099.084		ODA
DGD	2. International Finance Corporation			
DGD	3. African Development Bank	35.430.310		ODA
DGD	4. Asian Development Bank	8.028.505		ODA
DGD	5. European Bank for Reconstruction and Development	569.457		ODA
DGD	6. Inter-American Development Bank	896.000		ODA
DGD	7. Other			
DGD	7.1 European Investment Bank – EIB	9.805.031		ODA
DGD	7.2 European Development Fund (EOF/EDF/FED)	104.146.474		ODA
Specialized United Nations bodies:				
DGD	1. United Nations Development Programme	11.550.000		ODA
FLA	1.1 United Nations Development Programme: Strengthen capacity to incorporate climate change adaptation and resilience planning into National Biodiversity Strategies and Action Plans (NBSAPs) through the NBSAP Forum		115.000	ODA
DGD	2. United Nations Environment Programme	4.550.000		ODA
	3. Other:			

DGD	3.1 Food and Agricultural Organization	4.250.752		ODA
DGD	3.2 International Fund for Agricultural Development	8.000.000		ODA
DGD	3.2 World Food Programme - Immediate Response Account	5.000.000		ODA
FLA	3.3 One UN Fund Malawi: National Programme for Managing Climate Change in Malawi		420.000	ODA
FLA	3.4 Food and Agricultural Organization of the United Nations (FAO): Contribution to an improved food security and nutritional status in Malawi, Phase II		163.310	ODA
FLA	3.6 United Nations Educational, Scientific and Cultural Organization (UNESCO): Sustainable Management of Marginal Drylands (SUMAMAD-II)		1.062.824	ODA
FLA	3.7 United Nations Educational, Scientific and Cultural Organization (UNESCO): Framework for Research, Education and Training in the Water Sector Phase III (FET -Water III)		212.243	ODA
FLA	3.8 International Labour Organisation (ILO): Decent Work in the Green Economy		450.000	ODA
FLA	3.10 World Agroforestry Centre (ICRAF): Extending the Agroforestry Food Security Programme (AFSP) in Kasungu and Mzimba districts		160.000	ODA
FLA	3.12 The SEED initiative (UNEP, UNDP en IUCN): Promoting the Green Economy in Mozambique, Malawi and Namibia		294.690	ODA
FLA	3.13 The SEED initiative (UNEP, UNDP en IUCN): Supporting Social and Environmental Entrepreneurship in South Africa		115.839	ODA
FLA	3.14 International Renewable Energy Agency (IRENA): African Clean Energy Corridor		75.000	ODA
FLA	3.15 Contribution to UNEP Resource panel		12.800	ODA
FLA	3.16 Southeast Pacific data and Information Networking support to integrated Coastal Area Management' (SPINCAM-II)		57.484	ODA
DGD	Consultative Group on International Agricultural Research	7.400.000		ODA
	Total contributions through multilateral channels	**364.725.613**	**36.484.669**	

In 2013, € 36.484.669 of climate-specific multilateral finance has been disbursed, and € 364.725.613 as multilateral core finance. The bulk of the finance has been given in the form of ODA, only the following ones are counted as OOF:

- € 250.000 contribution the Walloon Region to the Adaptation Fund
- € 500.000 contribution of the Brussels Capital Region to the Adaptation Fund

The Flemish Region and the federal government report all their public climate flows as ODA.

The decision by the Walloon and the Brussels Capital Region governments to mark those payments as OOF is based on the objective to comply with the 'new and additional' objective (see paragraph 2.1).

5.3.2 Multilateral climate finance in 2014

In table 3 we present the Belgian outgoing multilateral climate flows for 2014.

Table 3. Multilateral climate finance in 2014 (€)

actor	Donor funding	Total amount		ODA/ OOF
		Core/general	Climate-specific	
	Multilateral climate change funds			
DGD	1. Global Environment Facility	18.600.000		ODA
DGD	2. Least Developed Countries Fund		12.000.000	ODA
DGD	3. Special Climate Change Fund			
FLA	4. Adaptation Fund		1.000.000	ODA
WAL	5. Green Climate Fund		250.000	OOF
DGD	5. Green Climate Fund		40.000.000	ODA
BXL	5. Green Climate Fund		600.000	OOF
FLA	6. UNFCCC Trust Fund for Supplementary Activities		33.917	ODA
SPF	7. UNFCCC Trust Fund for Supplementary Activities		83.549	ODA
	8. Other multilateral climate change funds			
SPF	8.1 International Partnership on Mitigation and MRV		22.040	ODA
FLA	8.2 IFAD: budget support for the "Adaptation for Smallholder Agriculture Programme"		1.000.000	ODA
	Multilateral financial institutions, including regional development banks:			
DGD	1. World Bank	148.747.082		ODA
DGD	2. International Finance Corporation			
DGD	3. African Development Bank	33.987.573		ODA
DGD	4. Asian Development Bank	7.933.541		ODA
DGD	5. European Bank for Reconstruction and Development			
DGD	6. Inter-American Development Bank			
DGD	7. Other			
DGD	7.1 European Investment Bank - EIB	4.146.560		ODA
DGD	7.2 European Development Fund (EOF/EDF/FED)	111.017.344		ODA
	Specialized United Nations bodies:			
DGD	1. United Nations Development Programme	19.000.000		ODA
FLA	1.1 United Nations Development Programme: Strengthen capacity to incorporate climate change adaptation and resilience planning into National Biodiversity Strategies and Action Plans (NBSAPs) through the NBSAP Forum		35.000	ODA
DGD	2. United Nations Environment Programme	4.000.000		ODA
	3. Other:			
DGD	3.1 Food and Agricultural Organization	5.426.366		ODA
DGD	3.2 International Fund for Agricultural Development	8.000.000		ODA
DGD	3.2 World Food Programme - Immediate Response Account	7.250.000		ODA
FLA	3.3 Food and Agricultural Organization of the United Nations (FAO): Contribution to an improved food security and nutritional status in Malawi, Phase II		101.541	ODA
FLA	3.4 The SEED initiative (UNEP, UNDP en IUCN): Supporting Social and Environmental Entrepreneurship in South Africa (2014)		100.358	ODA

FLA	3.5 UNESCO: Framework for Research, Education and Training in the Water Sector Phase III (FET -Water III)		105.002	ODA
FLA	3.6 UNESCO: Southeast Pacific data and Information Networking support to integrated Coastal Area Management' (SPINCAM-II)		82.940	ODA
FLA	3.7 UNESCO: Addressing Water Security: Climate impacts and adaptation responses in Africa, Asia and LAC		130.517	ODA
FLA	3.8 UNESCO: Climate Change Adaptation for African Natural World Heritage Sites		37.700	ODA
FLA	3.9 UNESCO: Enhancing Natural Hazards Resilience in South America (ENHANS)		188.500	ODA
FLA	3.10 UNESCO: Biosphere reserves as a tool for coastal and island management in the South-East Pacific region (BRESEP)		30.136	ODA
FLA	3.11 UNESCO: Caribbean Marine Atlas, phase 2		38.219	ODA
FLA	3.12 UNESCO: Ecosystem-based marine spatial planning for conservation of World Heritage Marine Sites		25.220	ODA
FLA	3.13 ICRAF: support to the world congress on agroforestry		50.804	ODA
FLA	3.14 ICRAF: Extending the Agroforestry Food Security Programme (AFSP) in Kasungu and Mzimba districts		160.000	ODA
FLA	3.15 Southeast Pacific data and Information Networking support to integrated Coastal Area Management' (SPINCAM-II)		33.176	ODA
DGD	Consultative Group on International Agricultural Research	8.000.000		ODA
	Total contributions through multilateral channels	**376.108.466**	**56.108.619**	

In 2014, we see a relatively steady core contribution from Belgium, totalling € 376.108.466. The climate-specific multilateral finance has gone up from € 36.484.669 in 2013 to €56.108.619 in 2014, which is to be explained by the one-off contribution of € 40 million of the federal government to the Green Climate Fund in December 2014. Most of the contributions were made as ODA, but the following were labelled as OOF:

- Walloon Region: € 250.000 to the Adaptation Fund
- Brussels Capital Region: € 600.000 to the Green Climate Fund

The decision by the Walloon and the Brussels Capital Region governments to mark those payments as OOF is based on the objective to comply with the 'new and additional' objective (see paragraph 2.1). This lead to the strange situation where the contributions to the Adaptatation Fund are marked as ODA by the Flemish Region, but as OOF by the Walloon and Brussels Regions.

5.3.3 Attribution of multilateral finance

In accordance to the methods developed by the multilateral development banks (MDBs), it is possible to calculate the climate relevant part of the core finance provided to these MDB's. This can be done by using the amount of climate finance spent by the multilateral developments banks, and transposing it to the core contributions of Belgium. In using these equivalents, the result looks like this:

Table 4. Attribution of multilateral climate finance per fund (€, total for 2013 and 2014)

	total	%	Attributed Belgian climate finance
WB	296.846.166	23%	68.274.618
AfDB	69.417.883	27%	18.742.828
ADB	15.962.046	12%	1.915.446
EBRD	569.457	36%	205.005
IDB	896.000	17%	152.320
EIB	13.951.590	23%	3.208.866
Total	**397.643.142**		**92.499.083**

Source: percentages taken from World Bank (2015)

All in all, almost € 92 million of grant contributions (almost 53% of the core finance) to the World Bank (WB), the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IBD) and the European Investment Bank (EIB) can be counted as climate-specific finance. It can be seen that a large difference exists between the different MDB's and their climate portfolios: the EBRD spends 36% of its budget on climate projects, wereas the ADB only channels 12% of its projects towards climate projects. For the other MDB's and international organizations such coefficients are not available yet.

5.4 Overview of bilateral finance per actor

5.4.1 DGD

As stated before, DGD gave us access to the database of the biennial reporting and the ODA database. We started with the biennial report as a basis, and cross-checked with the ODA database in order to make the calculations for both weighting methods. We have excluded the loans from their database, as we are concerned for overlap with the Finexpo data on state-to-state loans and interest bonifications, because countries and projects match. Therefore, only grants are included in this picture. The section on Finexpo includes the loans.

Data:

- Retrieved from biennial report, checked with ODA database;
- All flows are disbursed;
- All flows are ODA;
- All flows are grants.

Table 5. Overview of bilateral DGD climate finance per weighting method (€)

	DGD method	0-40-100 method
2013	33.850.620	52.176.854
2014	33.571.542	56.171.278
2013 -2014	**67.422.162**	**108.348.132**

The table shows the remarkable difference between the two weighting methods. The DGD weighting method grants low weighting coefficients to most subsectors (often as low as 0 or 5) on average significantly less than the fixed 40% of the 0-40-100-method. The only exception is projects related to energy, which are value at 80 to 100%, so higher than the 40% of the 0-40-100-method.

5.4.2 FPS Environment

Through our interview with FPS Environment and the data retrieved through the biennial reporting, we can see that only two projects were funded through FPS Environment, one on climate finance in Rwanda, the other on climate finance in Mozambique (both in 2014). This is not surprising, as FPS Environment does not have climate finance budget lines at the moment. Their contributions were counted as OOF.

Data:

- Retrieved from biennial report, checked with FPS;
- All flows are disbursed;
- All flows are OOF;
- All flows are grants.

Table 6. Overview of FPS Environment climate finance (€)

	DGD method	0-40-100 method
2013	0	0
2014	6.194	12.388

5.4.3 Finexpo

Through the ministry of Finance, we received information on two categories of instruments from Finexpo: the interest bonifications (and adjacent grants), and the state-to state loans. All climate finance activities of Finexpo qualify as ODA. Because of potential overlap with the Biennial

reporting, we excluded the loans inserted by DGD in the biennial reporting, and used Finexpo data instead. However, the data we received from both DGD and Finexpo were not detailed enough to apply the grant equivalent methodology for loans.[6] Therefore, we provide the data at **face value**, without inclusion of relevant negative flows. However, we still advise to use the grant equivalent method where possible.

Data:

- Received from FPS Finance;
- All flows are disbursed;
- All flows are ODA;
- All flows are loans;
- Interest bonifications: the amounts paid out as interest bonifications and adjacent grants;
- State-to-state loans: state loans are **at face value**, because we lack detailed data on each loan to calculate the grant equivalent.

Table 7. Overview of Finexpo climate finance: Bonifications and grants (€)

	DGD method	0-40-100 method
2013	2.541.972	2.736.450
2014	5.208.444	6.268.431
Total 2013-2014	**7.750.416**	**9.004.882**

Table 8. Overview of Finexpo climate finance: state-to-state loans (€, face value)

	DGD method	0-40-100 method
2013	5.987.817	6.058.458
2014	1.280.909	1.214.472
Total 2013-2014	**7.268.726**	**7.272.930**

It is important to see that the numbers in both tables, although quite similar at first sight, are very different. The figures in table 7 are comparable to the ones in the previous tables, but the figures in table 8 can not be compared with any other figures, because they are at face value. As a result, the € 7 million from table 8 has much lower value than the € 7 million from table 7.

[6] Next to the face value of the loan, we need information on the type of repayment, the interest rate, the maturity, the grace period, and the agreed discount rate

5.4.4 Walloon region

The Walloon Region provided additional data for 2013-2014 through AWAC. A couple of flows were not yet reported through the Biennial reporting, so our study is the first occasion where the Walloon Region climate flows are reported in full.
The regional government has given grants, but decided to report them as OOF in order to separate them from ODA and thus stress the additionality of the funds (Interviews).

Data:

- Retrieved from biennial report and supplemented with additional data from AWAC;
- All flows are disbursed;
- All flows are OOF;
- All flows are grants.

Table 9. Overview of climate finance for the Walloon Region (€)

	DGD method	0-40-100 method
2013	339.685	324.075
2014	79.709	94.309
Total 2013-2014	**419.394**	**418.384**

5.4.5 Wallonie-Bruxelles International (WBI)

WBI provided full data on their project throught AWAC, with whom they collaborate. All flows are grants, and are already reported as ODA.

Data:

- Retrieved from biennial report and supplemented with additional data from WBI;
- All flows are disbursed;
- All flows are ODA;
- All flows are grants.

Table 10. Overview of climate finance for Wallonie-Bruxelles International (€)

	DGD method	0-40-100 method
2013	523.103	789.006
2014	392.354	674.393
Total 2013-2014	915.458	1.463.399

5.4.6 BIO

BIO provided partial data on their climate finance commitments, due to time constraints and difficulties in retrieving the data. BIO provided an aggregate number of total public climate finance which they estimate to have spent in the subsequent years. However, it is unclear which instruments are included in this number, and if and how they are weighted. This is why we decided not to include BIO in our further calculations on e.g. theme or region, and treated them separately. With some methodological support, we expect BIO will become able, and is already willing, to contribute to the Belgian climate finance reporting.

Table 11. Overview of BIO climate finance (mio €)

	2010	2011	2012	2013	2014	2010-2014
Total public climate finance	20,60	10,70	34,20	25,30	8,20	99,00

5.4.7 Flemish Region

5.4.7.1 Bilateral climate finance from the Flemish Region – general picture

The data on bilateral climate finance from Flanders are received from Internationaal Vlaanderen, who just finished their climate finance database during the course of our study. We filtered out the bilateral projects (all the bi-multi is counted under multilateral, as is the case in the biennial reporting), and used both weighting methods. It must be noted that the bulk of Flemish climate finance is reported through multi- or combined bi/multilateral channels, which explains the low figures for the bilateral climate finance. In total (including multilateral finance), Flanders has provided € 3.699.844 in 2013 and € 3.827.110 in 2014, according to their own 0-40-100 methodology. This figures include the Flemish government-funded part of the projects of the Flemish Partnership Water for Development; the co-funded part of those projects are reported in the next section (table 13).

Data:

- Retrieved from the Flemish database;
- All flows are disbursed;
- All flows are ODA;
- All flows are grants.
- Flows from the Flemish Partnership Water for Development are included.

Table 12. Overview of bilateral climate finance from the Flemish Region (€)

	DGD method	0-40-100 method
2013	370.560	406.878
2014	288.855	414.584
Total 2013-2014	**659.415**	**821.461**

5.4.7.2 Flemish Partnership Water for Development

The projects from the Flemish Partnership Water for Development are co-financed. The part that is subsidised by the Flemish government is already included in the figures for the Flemish government (see table 12). A small part of the funds is contributed by Flemish drinking water companies and other public companies, and it is that contribution that is reported in this paragraph.

Through the Flemish Partnership for Water, co-financing has been provided by water companies and other service companies, being de Watergroep, Havenbedrijf Antwerpen, TMVW and Pidpa. As expected, the additional amounts retrieved are not very high, and can serve as an example for similar co-financing projects, where the co-financing part is often unknown but could count as climate finance. Specific details can be consulted in the climate finance database, but the general numbers are given below.

Data:

- New, via LNE;
- All flows are disbursed;
- All flows are ODA;
- All flows are grants.

Table 13. Flemish Partnership Water for Development climate finance, part provided by public co-funders (€)

	DGD method	0-40-100 method
2013	16.448	21.931
2014	25.378	33.837
Total 2013-2014	**41.826**	**55.768**

5.4.8 National Lottery

The National Lottery has contributed data of their project subsidy call on the Millennium Development Goals, in which climate relevant projects were supported by grants. The data are given on a commitment level, as disbursement level data are not available. The committed amounts are reserved for two years, in this timeframe the receiving organisation has to use the funds and account for the expenses. These funds are new funds, not yet included in the current climate finance reporting.

Data:

- New, retrieved from the National Lottery;
- All flows are on commitment level;
- All flows are ODA;
- All flows are grants.

Table 14. Overview of the National Lottery climate finance (€)

	DGD method	0-40-100 method
2013	35.449	46.578
2014	98.340	109.040
Total 2013-2014	**133.789**	**155.618**

5.4.9 FIT

FIT has provided new data on possible climate relevant numbers on their line on export subsidy for machinery and the subsidy line for prospection studies. We filtered out the climate relevant projects, which all have a Rio Marker 1. Surprisingly, the DGD method values the projects higher than the 0-40-100 method. This is due to the large amount of energy projects supported, which are valuated over 40% in the DGD method. The amounts are given on disbursement level, and count as OOF, as these grants do not have a development goal in mind.

Data:

- New, retrieved from FIT;
- All flows are disbursed;
- All flows are OOF;
- All flows are grants.

Table 15. Overview of FIT climate finance (€)

	DGD method	0-40-100 method
2013	285.871	190.256
2014	848.224	780.994
Total 2013-2014	**1.134.096**	**971.250**

5.4.10 FWO

FWO has provided data on their international research call, meaning only projects located in developing countries are funded. Using discipline codes and search terms we provided, they filtered out the climate-relevant projects. It must be noted that the core target for FWO is not development but academic excellence, therefore we count the projects as OOF. All contributions are made on a commitment level (data on disbursement level are not available), and are given as grants.

Data:

- New, retrieved from FWO;
- All flows are on the commitment level (for 3-4 years, depending on the project);
- All flows are OOF;
- All flows are grants.

Table 16. Overview of FWO climate finance (€)

	DGD method	0-40-100 method
2013	1.744.410	2.419.059
2014	1.302.992	1.417.112
2013-2014	**3.047.402**	**3.836.171**

5.4.11 Overview of all bilateral grants per actor

Table 17. Overview of all bilateral grants per actor (€, 2013 + 2014)

Actor	DGD method	0-40-100 method
DGD	67.422.162	108.348.132
Flemish Region	659.415	821.461
SPF Environment	6.194	12.388
Walloon Region	419.394	418.384
WBI	915.458	1.463.399
Finexpo[1]	7.750.416	9.004.882
National Lottery	133.789	155.618
FWO	3.047.402	3.836.178
Partnership water	41.826	55.768
FIT	1.134.096	971.250
Total	81.530.150	125.087.460

[1] including bonifications and grants, excluding loans (see 5.4.3)

This table gives an overview of the bilateral grants per actor. The flows that were not included in previous official climate finance reporting are given in grey. It is clear that DGD is the dominant actor in Belgian official climate finance with 83% of the total climate flows[7]. Second come FWO and FIT, followed by Flanders. The relatively low number for Flanders can be explained by the higher multilateral contributions.
The distribution of the flows per actor is shown in figure 5.

[7] Or 87% with the 0-40-100-method. Note that this percentage will be lower in reality, as the figures of BIO and Delcredere are not included and the Finexpo data only partially.

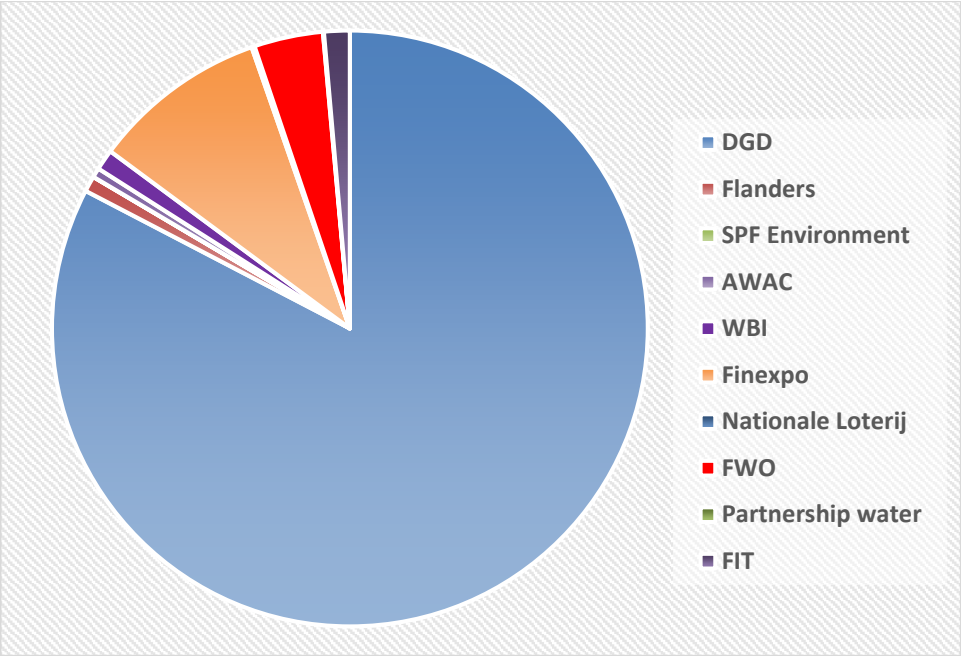


Figure 5. Distribution of climate flows per actor (DGD weighting method, excluding Delcredere and BIO and with only partial data for Finexpo)

5.5 ODA vs. OOF

As expected, the bulk of the Belgian bilateral climate flows in our database are ODA: 94% is ODA, 6% is OOF. This picture may change when BIO and Delcredere figures are added in future reporting, as those actors relatively may have more OOF.

Table 18. Bilateral climate finance, ODA vs. OOF (€)

		DGD method	0-40-100 method
2013	ODA	37.235.410	56.177.696
	OOF	2.369.966	2.933.390
2014	ODA	39.618.913	63.671.563
	OOF	2.237.120	2.304.803
total 2013-2014	**ODA**	**76.854.323**	**119.849.260**
	OOF	**4.607.086**	**5.238.193**

5.6 Overview of bilateral finance per instrument

5.6.1 Grants

The most used instruments for Belgian climate finance in 2013-2014 are grants, totalling more than €81 million if counted by the DGD method, and more than € 125 million if counted by the 0-40-100 method. As we will see later, the large difference can be explained by the inclusion of many programmes that are included in the DGD database (such as general programme finance for a budget line of an NGO), but which are only weighted as 0 or 5% climate relevance using the DGD weighting method, whereas the 0-40-100 method will automatically count these numbers at 40%. The overall difference between 2013 and 2014 is small, thus showing a steady amount of bilateral grants being provided each year.

We cannot calculate an exact ratio of the amount (in euro) of grants compared to loans, since we lack the data for calculating the grant equivalent of the BIO and Finexpo loans. But judging on the number of entries in our database that have the grant or loan lable, it is clear that the loans are very small compared to the grants. This is not surprising considering the history of Belgian climate finance and its domination by development institutions responsible for the funding. Moreover, the Belgian climate finance actors have less institutional capacity compaired with bigger countries, whose higher capacity allows for more experimentation with other instruments. Finally, the actors who use other instruments, such as equity, guarantees or non-concessional loans could not provide sufficient data to be included in this study, thereby laying the focus on grant contributions.

Table 19. Overview of grants per year per method (€)

	DGD method	0-40-100 method
2013	39.708.118	59.111.087
2014	41.822.032	65.976.366
Total 2013-2014	**81.530.150**	**125.087.460**

5.6.2 Loans

The only loans for which we have obtained data come from Finexpo, and can be consulted under paragraph 5.4.3. We only have face value data, so these cannot be compared to any other tables, nor can they be added to other figures we have found.
For loans, the difference between the DGD method and the 0-40-100 method is almost zero, which is a big difference with the result we found for the case of the grants. This can be explained by the presence of a number of energy projects in the loans, which in the DGD method have a higher coefficient than the 40% used in the 0-40-100 method.

The number of loans is, even if the numbers are not exactly comparable because of the lack of the grant equivalent, much smaller than the number of grants. This can be explained by the lack of detailed data from BIO, who have loans in their portfolio, but also by a preference of most actors for using grants.

Table 20. Overview of loans per year per weighting method (€)

	DGD method	0-40-100 method
2013	5.987.817	6.058.458
2014	1.280.909	1.214.472
Total 2013-2014	**7.268.726**	**7.272.930**

5.7 Finance for mitigation or adaptation

The projects or activities behind climate finance can be relevant for climate mitigation, adaptation or be 'cross-cutting', which means that they have both beneficial impacts.
In this overview, we distinguish between grants and loans.

5.7.1 Grants

Table 21 shows the mitigation, adaptation and cross-cutting shares of the grants.

Table 21. Overview grants per theme (€)

		DGD method	0-40-100 method
2013	mitigation	13.629.446	13.599.831
	adaptation	18.523.518	30.279.109
	cross-cutting	7.112.728	14.908.072
2014	mitigation	9.211.542	11.278.490
	adaptation	21.617.325	33.951.651
	cross-cutting	10.947.457	20.651.915
total 2013-2014	**mitigation**	22.840.988	24.878.321
	adaptation	40.140.842	64.230.761
	cross-cutting	18.060.185	35.559.987

This overview per theme reveals that most Belgian bilateral grants are directed towards adaptation projects, as is also shown in figure 6. Cross-cutting activities and mitigation receive

less attention, but remain significant. The difference stands out especially with the 0-40-100 method.

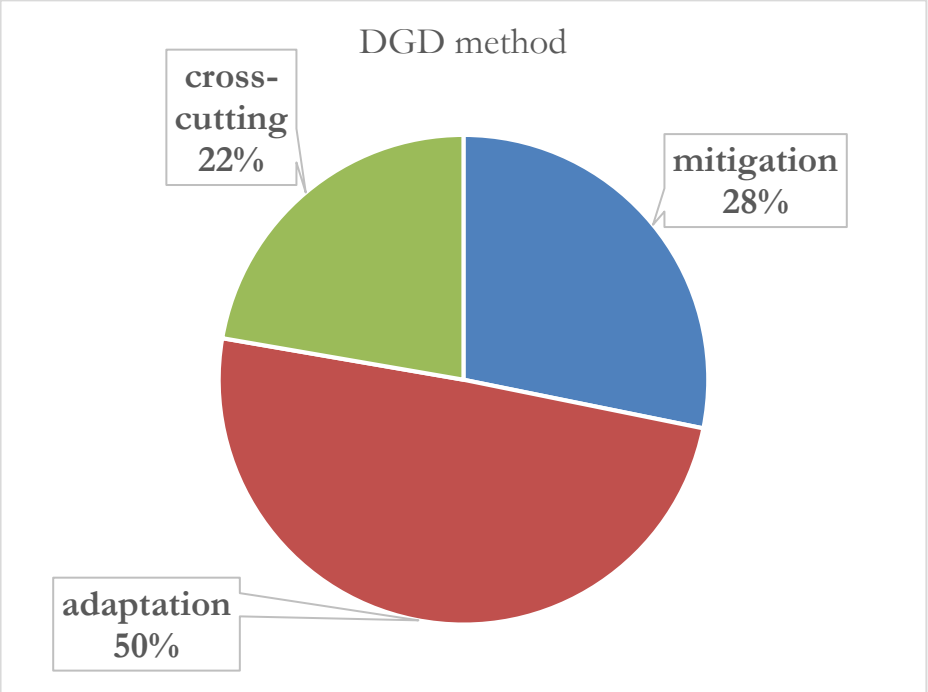


Figure 6. Financing for adaptation or mitigation, grants, DGD method, total for 2013 + 2014

The dominance of adaptation projects in the Belgian climate finance is in line with the political priorities of the federal development policy. However, it is rather different from the rest of the world, where mitigation projects have always attracted more investments. An illustration for this claim is the fact that from all the climate flows that were invested in 2014 by all MDB's together, 82% went to mitigation projects and only 18% to adaptation (World Bank 2015).

5.7.2 Loans

With regard to the loans provided by Finexpo, the picture is different. The amount for mitigation is much higher than for adaptation. However, the difference is statistically irrelevant, because the data only cover six loans. We also emphasize that the figures for loans are not grant equivalent but face value. As a result, the numbers in this table are not comparable to any other tables.

Table 22. Overview loans per theme (€)

		DGD method	0-40-100 method
2013	mitigation	5.447.539	5.403.575
	adaptation	540.278	654.883
	cross-cutting	-	-
2014	mitigation	1.233.135	1.156.563
	adaptation	47.774	57.908
	cross-cutting	-	-
total 2013-2014	**mitigation**	**6.680.674**	**6.560.139**
	adaptation	**588.053**	**712.791**
	cross-cutting	**-**	**-**

5.8 Overview per region

5.8.1 Grants

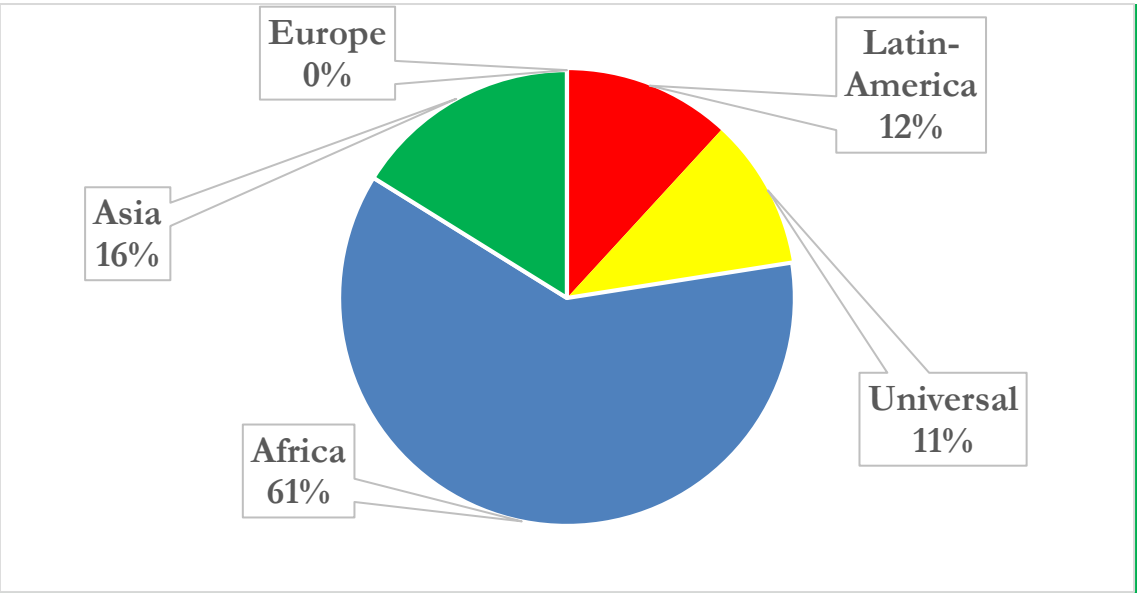


Figure 7. Grants per region, DGD method, total for 2013 + 3014

In both methods, the overall majority of the funds are directed to Africa, totalling +- 60% of all funds. Second comes Asia, before Latin-Amerika. Universal or unknown projects count for € 8.7 million according to the DGD method, and for € 16 million according to the 0-40-100 method. The difference here can, as stated before, be explained because of the inclusion of NGO programme funding in the DGD database, which only counts for 5% using the DGD method, compared to 40% under the 0- 40-100 method.

Table 23. Overview grants per region (€, total for 2013 + 2014)

	DGD method	0-40-100 method
Africa	49.960.377	74.987.026
Asia	13.160.752	18.806.678
Latin-America	9.630.592	15.238.533
Universal/Unknown	8.709.689	16.030.530
Europe	-	24.686

5.8.2 Loans

Table 24. Overviews loans per region (€, total for 2013 + 2014)

	DGD method	0-40-100 method
Africa	6.680.674	6.560.139
Asia	588.053	712.791
Latin-America	-	-
Universal/Unknown	-	-
Europe	-	-

5.9 Outlook: data 2015 and beyond

In our efforts to collect data on Belgian climate finance in 2013-2014, we have come across data for 2015 and 2016 and even some projections for the future:

- **Flemish Region**: the Flemish database includes figures for 2015 and provides data on the planned expenses in the next years. These numbers can give a first indication of the climate flows in the future, but are likely to be incomplete. In 2015, the donations of Flanders go up significantly, mainly due to a € 3.5 million donation made to the Green Climate Fund. However, if Flanders wants to reach the € 14,5 million in climate finance agreed in the intra-Belgian climate agreement, additional (urgent) efforts are needed.
- **DGD**: DGD will remain a very important stakeholder in public climate finance in Belgium. In 2016, € 10 million was disbursed as a capital contribution to the Green Climate Fund.
- **Walloon Region:** in our interview with a representative from AWAC, we have received preliminary expenses from the Walloon region. However, we have not been able to confirm them afterwards, therefore caution is necessary. In general, the Walloon region will start disbursing € 7 million per year for international climate finance from 2016 onwards, which is close to the required total of € 8,25 million agreed in the burden sharing agreement**.** The following numbers were given:
  - 2016: € 1 million to the Adaptation Fund, € 7 million to the Green Climate fund and € 1 million for a projects call (to be specified)

- 2017: 7 million for international climate funds (to be specified)

If the disbursements from the regions go up in the coming years as projected, they will become more important actors in the climate finance field than they are today.

Additionally, Belgian municipalities and cities could become relevant climate actors. We contacted VVSG and its Walloon counterpart UVCW, but no new additional information was revealed. However, in the future, relevant climate finance flows from these actors can be expected.

6 | Discussion and recommendations

In this paper, we have made a comprehensive overview of Belgian climate finance in 2013-2014. After describing the numbers in the previous chapter, we will now shortly discuss the main observations of our tracking effort.

With regard to the **climate finance results**, the following elements stand out[8]:

- We have discovered several **new flows** that have never been identified as climate flows in any reporting efforts up to now, from the following organizations:
    - FWO: € 3 million under the DGD method, € 3,8 million under the 0-40-100 method
    - FIT: € 1,1 million under the DGD method, € 1 million under the 0-40-100 method
    - Partnership for Water: € 41.826 under the DGD method, € 55.768 under the 0-40-100 method
    - National Lottery: € 133.789 under the DGD method, € 155.618 under the 0-40-100 method

- The overall climate finance picture for 2013-2014 is dominated by DGD, especially when we look at bilateral grants. After the signature of the intra-Belgian burden sharing agreement of December 2015, we expect to see an increase of the flows provided by the regions in the future. Another expected change for the future is that the figures for BIO and Delcredere will probably be added to the next reporting exercise, as well as the information for the Finexpo loans. With those additions, the Belgian public climate finance picture will be complete.

- The majority of bilateral climate finance is oriented towards Africa. Asia and Latin-America also receive climate finance flows, but to a much lesser degree.

- The majority of Belgian climate finance is ODA, whereas OOF is only reported from a limited amount of actors. Here, there is a difference between the actors who report on OOF because of different interpretations of climate finance additionality, and actors who report on OOF because their flows do not meet the ODA conditions.

- More Belgian bilateral grants are spent on adaptation than on mitigation and cross-cutting activities. However, for loans, the situation the opposite: here, most loans go to mitigation projects.

[8] The figures in this list are totals for 2013 + 2014

With regard to the **methodology**, the following points stand out:

- The **Rio Marker methodology** proves to be very helpful in defining which projects are climate-relevant and which are not. The manual is clear and user-friendly, which makes it relatively easy to give the correct marker to each project. However, the method also has its limitations, especially in deciding the difference between a '0' and a '1': here, a strict application of the Rio Marker methodology would probably lead to less projects being selected. We suspect (on the basis of titles), that many projects currently marked with a '1' in the database only have a limited climate component.

- Using the DGD method and the 0-40-100 method, we discovered that the 0-40-100 method usually **leads to higher reported climate finance flows**, as the description per actor clearly shows. However, we suspect this difference is partially due to the different attribution of the Rio Markers. DGD includes several programme funding for NGOs, but only weights them at 5%. Under the 0-40-100 method, these projects are automatically weighted at 40%, which explains the big difference. The DGD method may have a higher validity for the projects with Rio Marker '1', while the 0-40-100 method has the benefit of international comparability, although the 0-40-100 method is not applied by every country.

- The **discussion between ODA and OOF** is clouded by the different interpretations of the definition of OOF in Belgium. The Brussels Capital Region, the Walloon Region and WBI prefer to treat climate funds separately because of the additionality requirement for climate funds. However, other funding, such as from FIT or FWO also counts as OOF, because it has no explicit development focus.

- The calculation of a **grant equivalent for loans was impossible** because of limited data availability. In order to use the methods described by the OECD in calculating the grant equivalent, more elaborate information is needed for each loan. Now, we only could report on the outgoing disbursements made in each year for each loan (face value). This is why we have separated the loans from the grants in our study, in order to avoid weighting loans and grants equally.

With regard to the **process**, we raise the following points:

- Many actors we contacted are willing to provide climate finance data, but are unaware of the Rio Marker method, and are unable to put it into practice. Additionally, several actors report a large administrative burden in retrieving the relevant data from their databases.

- Although the climate flows of a few official Belgian actors are not included in our report, we believe our study made a significant contribution to today's and future climate finance reporting. All actors have at least been asked the question about their climate flows; internal approval procedures have been launched, internal efforts were made to retrieve the date from the organisation's own databases and towards the final phase of our study, DGD and FPS Environment founded a new working group with all federal actors working on the issue of climate finance. Our study can be considered as one of the factors that

convinced the Belgian stakeholders that they are part of the climate finance study, and they now realise they will need to find a way to report their climate flows in the near future.

After conducting the study, the following **recommendations** stand out, not only for DGD as the commissioner of our study, but aimed at all climate finance actors in Belgium.

- Our recommendation to **create a Belgian working group on climate finance to develop a common reporting framework** has been put into practice even before our study was finalized. Two initiatives have recently arisen[9]:
    - A follow-up study within the framework of Befind has been defined, which aims at surveying the exact needs of all the public climate finance stakeholders for their future reporting. A workshop will be organised, and individual guidance for different organisations will be provided.
    - DGD and FPS Environment founded a new informal working group with government actors working on the issue of climate finance. In the first phase, only the federal actors take part in this informal working group, but in a next phase it intends to invite all relevant Belgian public actors.

  The follow-up committees of the Trinomics and Befind studies from 2015 and 2016 can be considered as partial first steps towards this working group. Knowledge sharing on climate finance reporting will be central in all these new initiatives. The working group(s) may also co-ordinate a stronger follow-up of the international discussions on the climate finance reporting initiatives, e.g. on the OECD level, and more feedback from that international level towards the Belgian actors.

- **Translate the national climate finance burden sharing agreement in an operational programme**. This programme should have a time-frame of at least three years, and would include a vision and concrete action on how each different government level plans to reach the amounts in the agreement. The role of all the concerned government actors in this effort will need to be determined. The regional governments will need to speed-up their current contributions considerably in order to reach the agreed targets.

- **Inform relevant actors on the use of the Rio Markers**: In order to track climate finance, it is useful to increase the stakeholders' capability to use the Rio Markers. A training exercise could be helpful.

- **Decide on which weighting option to choose**. For this study, we used the two common used climate finance weighing methods used in Belgium. Although this turned out to be a feasible exercise, having two methodologies obviously makes matters more complex, and increases the distance between different actors.

- During our study, we advised the competent actors to provide **transparency** on the weighting options used. This recommendation is already implemented: the Flemish region has recently proceeded in explaining the 0-40-100 method on their website, and

[9] And a third one, an ad-hoc working group on climate finance reporting under the umbrella of the CCIEP, has been in place for a longer time.

DGD now provides transparency by agreeing to include their list of weighting coefficients in the annex of this research paper (annex 1).

- With regard to the **international climate finance negotiations** and the discussions in the OECD-context on climate finance and accounting measures, we advise all Belgian actors to follow the discussions closely and adapt the climate finance tracking process accordingly. This would be especially needed in order to achieve internationally comparable climate finance results.

- Develop a system to **integrate co-financing** of a project in climate finance reporting. As our results from the Flemish Partnership for Water show, projects are sometimes co-financed, not only by private but also by public actors. If the data is readily available, it would be advisable to record them directly, as it will provide for a more complete climate finance figure.

- A recommendation that is directed directly to the different stakeholders, is to **reform their internal procedures for gathering data and reporting**. Every actor has its own database, but the new issue of climate relevance, Rio Markers and weighting are in some cases not part of the regular data gathering and reporting practices. In some cases, the number of climate flows is limited, which should make the reporting an easy exercise. However, as the climate finance parameters are not into their databases at the moment, it becomes a hell of a job to filter out the relevant flows from the general database. Integrating the climate finance parameters in the internal data gathering systems could solve this issue for good. The follow-up projects that will be carried out by the Befind researchers and the recent networking initiatives that have arisen may help the organisations to make those reforms to their internal systems.

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Annex 1: Weighting method DGD

Table 25. DGD's weighting method - weighting coefficients

Sectorcode	klimaatmitigatie coëfficiënt	klimaataanpassing coëfficiënt	biodiversiteit coëfficiënt	desertificatie coëfficiënt
Sector onbepaald	0	34	14	14
Administratieve kosten van BUDGETHOUDERS	0	0	0	0
Bosbouw - Bosbouwbeleid en administratief beheer	0	33	33	33
Bosbouw - Bosbouwonderzoek	0	33	33	33
Bosbouw - Bosbouwontwikkeling	33	0	33	33
Bosbouw - Opleiding en vorming	0	33	33	33
Conflict, Vrede, Veiligheid - Conflictpreventie, -resolutie en Vredesopbouw	0	20	15	15
Energie - Biomassa	80	0	0	0
Energie - Energiebeleid en administratief beheer	0	20	0	20
Energie - Energieproductie van hernieuwbare bronnen	100	0	0	0
Energie - Hydro-elektrische centrales en stuwdammen	80	0	0	0
Energie - Transmissie en verdeling van elektriciteit	50	0	0	0
Energie - Windenergie	100	0	0	0
Energie - Zonne-energie	100	0	0	0
Financiën/Banken - Microkrediet	0	0	0	0
Gezondheid - Basisgezondheid - Basisgezondheidszorg	0	20	20	20
Gezondheid - Basisgezondheid - Basisvoeding	0	20	20	20
Gezondheid - Basisgezondheid - Besmettelijke ziekten	0	20	20	20
Gezondheid - Basisgezondheid - Educatie basisgezondheid	0	20	20	20

Gezondheid - Basisgezondheid - Infrastructuur basisgezondheid	0	20	20	20
Gezondheid - Gezondheidsbeleid en -adm. beheer	0	20	20	20
Gezondheid - Medisch onderwijs en vorming	0	20	20	20
Gezondheid - Medisch onderzoek	0	20	20	20
Gezondheid - Medische diensten en centra	0	20	20	20
Handel - Technische handelsbelemmeringen	5	5	5	5
Humanitaire hulp - Noodhulp - andere dan voedselhulp	0	10	5	5
Humanitaire hulp - Noodhulp - Coördinatie van noodhulp. Bescherming en ondersteunende diensten	0	5	5	5
Humanitaire hulp - Noodhulp - Noodvoedselhulp	0	10	0	0
Humanitaire hulp - Preventie van en voorbereiding op rampen	0	30	0	10
Humanitaire hulp - Reconstructie en rehabilitatie	0	30	0	0
Industrie - Agro-industrie	10	0	0	0
Industrie - Ontwikkeling van KMO's	0	0	0	0
Landbouw en veeteelt - Alternatieve landbouwteelten (tegen drugteelt)	0	10	15	10
Landbouw en veeteelt - Bescherming van gewassen en oogst, strijd tegen plagen	0	10	2	10
Landbouw en veeteelt - Diergeneeskundige diensten	5	0	2	2
Landbouw en veeteelt - Exportgewassen en industriële landbouwteelt	0	0	0	0
Landbouw en veeteelt - Landbouwbeleid en administratief beheer	0	20	20	20
Landbouw en veeteelt - Landbouwcoöperatieven	0	5	5	0
Landbouw en veeteelt - Landbouwdiensten	0	20	20	20
Landbouw en veeteelt - Landbouwgronden	0	33	33	33
Landbouw en veeteelt - Landbouwhervormingen	0	5	5	5
Landbouw en veeteelt - Landbouwkrediet	0	0	0	0
Landbouw en veeteelt - Landbouwontwikkeling	5	0	5	5
Landbouw en veeteelt - Landbouwproductie voor voeding	5	0	5	5
Landbouw en veeteelt - Landbouwvoorlichting	0	20	20	20
Landbouw en veeteelt - Onderzoek	0	20	20	20
Landbouw en veeteelt - Opleiding en vorming	0	20	20	20
Landbouw en veeteelt - Producten voor landbouwgebruik	0	10	2	10
Landbouw en veeteelt - Veeteelt	5	0	2	5

Landbouw en veeteelt - Waterhulpmiddelen voor landbouwgebruik	40	0	0	40
Milieubescherming - Beleid en administratief beheer	0	33	33	33
Milieubescherming - Bescherming van de biosfeer	80	0	10	10
Milieubescherming - Bescherming van landschapsmonumenten	0	20	40	40
Milieubescherming - Biodiversiteit	20	0	60	20
Milieubescherming - Onderzoek i.v.m. het leefmilieu	0	33	33	33
Milieubescherming - Opvoeding en vorming i.v.m. het leefmilieu	0	33	33	33
Milieubescherming - Preventie en strijd tegen overstromingen	0	80	10	10
Multisector - Multisector opleiding en vorming	0	10	10	10
Multisector - Rurale ontwikkeling	15	0	15	15
Multisector - Stedelijke ontwikkeling en stadsbeheer	0	10	10	10
Multisector - Wetenschappelijke en onderzoeksinstellingen	0	10	10	10
Multisector algemeen	0	5	5	5
NGO - Algemene steun voor Belgische NGO (van donorland)	0	0	0	0
Ondernemingen - Diensten voor Commerciële doeleinden	0	0	0	0
Onderwijs - Beroepsvorming	0	0	0	0
Onderwijs - Hoger onderwijs	0	15	15	15
Onderwijs - Onderwijsbeleid en administratief beheer	0	5	5	5
Onderwijs - Uitrusting en vorming	10	10	10	10
Onderwijs - Vorming onderwijzend personeel	0	5	5	5
Overheid & Civiele Maatschappij - Decentralisatie en steun aan subnationale overheden	5	5	5	5
Overheid & Civiele Maatschappij - Democratische participatie en inspraak van de burgers	5	5	5	5
Overheid & Civiele Maatschappij - Anticorruptie organisaties en instellingen	5	5	5	5
Overheid & Civiele Maatschappij - Beheer van de openbare financiën	5	5	5	5
Overheid & Civiele Maatschappij - Mensenrechten	0	0	0	0
Overheid & Civiele Maatschappij - Organisaties en instellingen voor gendergelijkheid	5	5	5	5

Overheid & Civiele Maatschappij - Publieke sector: beleid en management	5	5	5	5
Overheid & Civiele Maatschappij - Studiefonds of expertisefonds	5	5	5	5
Schuldverlichting - Algemeen	0	0	0	0
Sensibilisering van het Belgische publiek over hulp	10	10	10	10
Sociale infrastructuur - Plurisectorale hulp voor elementaire sociale diensten	0	0	0	0
Sociale infrastructuur - Sociale diensten	0	0	0	0
Sociale infrastructuur - Werkgelegenheidsbeleid en administratief beheer	10	10	10	10
Toerisme - Beleid en administratief beheer	5	5	5	5
Transport en opslag - Spoorvervoer	0	0	0	0
Transport en opslag - Watervervoer	0	30	20	0
Transport en opslag - Wegvervoer	0	0	0	0
Visvangst en aquacultuur - Opleiding en vorming	0	20	20	20
Visvangst en aquacultuur - Visvangstbeleid en administratief beheer	0	20	20	0
Visvangst en aquacultuur - Visvangstonderzoek	0	20	20	0
Visvangst en aquacultuur - Visvangstontwikkeling	0	0	5	0
Watervoorziening en -sanering - Afvalverwerking	25	0	25	25
Watervoorziening en -sanering - Beleid voor watervoorziening en administratief beheer	0	25	25	25
Watervoorziening en -sanering - Bescherming watervoorraden	0	33	33	33
Watervoorziening en -sanering - Grootschalig	0	30	0	0
Watervoorziening en -sanering - Kleinschalig	0	30	10	10
Watervoorziening en -sanering - Opleiding waterverdeling en sanering	0	20	20	20
Watervoorziening en -sanering - Rivieren	0	33	33	33
Watervoorziening en -sanering - Sanering grootschalig	30	0	0	0
Watervoorziening en -sanering - Sanering kleinschalig	0	30	10	10
Watervoorziening en -sanering - Watervoorziening grootschalig	0	30	0	0
Watervoorziening en -sanering - Watervoorziening kleinschalig	0	30	10	10

Annex 2: List of OECD DAC recipients

DAC List of ODA Recipients
Effective for reporting on 2014, 2015 and 2016 flows

Least Developed Countries	Other Low Income Countries (per capita GNI <= $1 045 in 2013)	Lower Middle Income Countries and Territories (per capita GNI $1 046-$4 125 in 2013)	Upper Middle Income Countries and Territories (per capita GNI $4 126-$12 745 in 2013)
Afghanistan	Democratic People's Republic of Korea	Armenia	Albania
Angola	Kenya	Bolivia	Algeria
Bangladesh	Tajikistan	Cabo Verde	Antigua and Barbuda[2]
Benin	Zimbabwe	Cameroon	Argentina
Bhutan		Congo	Azerbaijan
Burkina Faso		Côte d'Ivoire	Belarus
Burundi		Egypt	Belize
Cambodia		El Salvador	Bosnia and Herzegovina
Central African Republic		Georgia	Botswana
Chad		Ghana	Brazil
Comoros		Guatemala	Chile[2]
Democratic Republic of the Congo		Guyana	China (People's Republic of)
Djibouti		Honduras	Colombia
Equatorial Guinea[1]		India	Cook Islands
Eritrea		Indonesia	Costa Rica
Ethiopia		Kosovo	Cuba
Gambia		Kyrgyzstan	Dominica
Guinea		Micronesia	Dominican Republic
Guinea-Bissau		Moldova	Ecuador
Haiti		Mongolia	Fiji
Kiribati		Morocco	Former Yugoslav Republic of Macedonia
Lao People's Democratic Republic		Nicaragua	Gabon
Lesotho		Nigeria	Grenada
Liberia		Pakistan	Iran
Madagascar		Papua New Guinea	Iraq
Malawi		Paraguay	Jamaica
Mali		Philippines	Jordan
Mauritania		Samoa	Kazakhstan
Mozambique		Sri Lanka	Lebanon
Myanmar		Swaziland	Libya
Nepal		Syrian Arab Republic	Malaysia
Niger		Tokelau	Maldives
Rwanda		Ukraine	Marshall Islands
Sao Tome and Principe		Uzbekistan	Mauritius
Senegal		Viet Nam	Mexico
Sierra Leone		West Bank and Gaza Strip	Montenegro
Solomon Islands			Montserrat
Somalia			Namibia
South Sudan			Nauru
Sudan			Niue
Tanzania			Palau
Timor-Leste			Panama
Togo			Peru
Tuvalu			Saint Helena
Uganda			Saint Lucia
Vanuatu[1]			Saint Vincent and the Grenadines
Yemen			Serbia
Zambia			Seychelles
			South Africa
			Suriname
			Thailand
			Tonga
			Tunisia
			Turkey
			Turkmenistan
			Uruguay[2]
			Venezuela
			Wallis and Futuna

Figure 8. List of OECD-DAC countries